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## NEWS SUMMARY

### GENERAL

## Policeman shot dead in Derry ambush

An RUC policeman was killed and a policewoman aged 19 seriously hurt in a Londonderry ambush by three men with rifles yesterday. A third officer escaped.

Constable Alan Caskey, 21, was the fifth Ulster security force member to be shot dead in Londonderry in the last five weeks.

The ambush took place on the eve of Republican demonstrations today to mark the anniversary of IRA hunger striker Bobby Sands' death.

### Algeria's Foreign Minister killed

Algeria's Foreign Minister Mohamed Seddik Benyahia died when Iraqi jets forced his private aircraft to crash on a flight to Tehran, Iran said.

Mr Benyahia, who helped to end the hostage crisis between Iran and the U.S. last year, had been mediating in the Iran-Iraq war.

### AUEW challenge

Gavin Laird's election as AUEW general secretary is likely to bring a challenge about the ballot's conduct from left-wing candidate Ken Brett. Back Page

### Train derailed

Thirty-one people were hurt when the 1.35 pm Glasgow-Aberdeen train was derailed after a collision with a farm tractor near Fife.

### China reshuffle

Eleven Chinese vice-premiers lost their jobs in a reshuffle that strengthens Vice-Chairman Deng Xiaoping's government. Back Page 3

### Polish clash

New disturbances broke out in Szczecin as the Polish politburo met to discuss the weekend clashes between police and Solidarity sympathisers. Earlier story, Page 2

### Ripper award

Marilyn Moore, victim of an attack by Yorkshire Ripper Peter Sutcliffe, was awarded £10,500 damages against him at Leeds.

### Jet misses town

A U.S. jet fighter crashed on a Suffolk main road as the pilot risked his life to avoid Beccles town centre. He ejected safely.

### MG marque 2

EL revives the MG marque today, nearly two years after the last "traditional" MG left the production line at Abingdon. Page 10

### Demo for Queen

Chanting demonstrators were among 2,000 people who greeted the Queen when she visited Liverpool. Five were arrested.

### Heroin haul

Four kilos of heroin were found inside a consignment of cricket balls from Pakistan in an East London warehouse.

### Spy arrests

A West German army telecommunications worker and his wife were arrested on suspicion of spying for the Soviet Union.

### Briefly . . .

Marks & Spencer has started selling women's hats. Page 8

Two Russian climbers reached the summit of Mount Everest. Byelection writ was moved for Beaconsfield on May 27.

Alliance squares up. Page 15

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISSES:	
Anderson St. Clyde	139 + 13
BAT Inds.	460 + 10
Barratt Dev.	291 + 9
Beecham	267 + 7
British Aerospace	205 + 15
British Sugar	500 + 25
Caparo	30 + 3
Dowty	127 + 6
Ductile Steels	153 + 39
Ferranti	688 + 13
French Kiel	118 + 7
GEC	665 + 14
Glaxo	623 + 10
Grindlays	208 + 13
Hawker Siddeley	334 + 8
ICI	326 + 8
Lee Cooper	133 + 8
Lloyds Bank	403 + 8
Mowlem (J.)	213 + 11
Plessey	402 + 7
FALLS:	
Abercom	135 - 9
Glynwedd	114 - 5
Gremmerns "A"	320 - 60
Hall (Matthew)	183 - 4
Stakis	63 - 4
Cultus Pacific	17 - 5
Metramar	18 - 4
North Broken Hill	118 - 8
Pancontinental	92 - 10
Yarrow	335 + 20
INTER:	
Rothmans	921 + 31
Sainsbury (J.)	650 + 20
S. & N'castle Brews.	58 + 3
Sears	671 + 34
Sound Diffusion	108 + 8
Stanley (A. G.)	59 + 3
Yarrow	335 + 20
SHARES:	
Glynn	114 - 5
Gremmerns "A"	320 - 60
Hall (Matthew)	183 - 4
Stakis	63 - 4
Cultus Pacific	17 - 5
Metramar	18 - 4
North Broken Hill	118 - 8
Pancontinental	92 - 10
Yarrow	335 + 20
FOREIGN:	
London	145 - 15
Renison	145 - 15
Rustenburg Plat.	175 - 11
Western Deep	121 - 5
York Res.	19 - 5

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HAIG SAYS CRUISER SINKING WILL ADD TO INTRANSIGENCE • IRISH ATTACK SANCTIONS

## Falklands diplomatic option still sought by Ministers

BY PETER RIDELL IN LONDON AND ANATOLE KALETSKY IN WASHINGTON

THE BRITISH Government is trying to keep as many diplomatic options as possible for a negotiated settlement to the Falklands crisis after the escalation of military conflict over the weekend with the sinking of the Argentine cruiser, the General Belgrano, which has led to criticism both overseas and at Westminster.

But in Washington, Mr Alexander Haig, the U.S. Secretary of State, said the sinking of the General Belgrano "will contribute to the continuing intransigence" in Argentina against a political settlement.

Mr Haig's statement, made in a general review of U.S. policy over the Falklands to the Senate foreign operations subcommittee, highlights the renewed anxiety about the U.S. position which has begun to emerge this week, as the crisis has escalated into something approaching an all-out war.

At Westminster, Mrs Margaret Thatcher told the Commons that ideas put forward by the President of Peru were being pursued with "vigour." Mr Francis Pym, the Foreign Secretary, later said the Government was keeping in touch with the UN Secretary-General, who is Peruvian.

Mr Pym stressed that Britain was prepared to be flexible in any talks provided that there was a withdrawal of Argentine forces and negotiations on the longer term were without prejudice to any ultimate solution. He also said that any proposals should cover interim arrangements and the guarantees required.

The Government was yesterday unapologetic about the decision to sink the General Belgrano and the view in the Commons was that military pressure will be maintained.

Mr Thatcher and Mr John Nott, the Defence Secretary, faced strong criticism from many Labour MPs over the incident including significantly, Mr John Gilbert and Mr Pat Duffy—both former Ministers in the Ministry of Defence and in the political centre of the Labour Party.

Consequently, the bi-partisan approach at Westminster was looking increasingly strained at night.

But both Mr David Steel, of the Liberals, and Dr David Owen, of the Social Democrats, pledged continued support for the Government following their private talks with the Prime Minister yesterday morning.

The talks were on a confidential "privy council" basis, and covered diplomatic, economic and military aspects although excluding operational information. Each side has been left with the option of requesting a repeat on an occasional basis and the Prime Minister is likely to take a

favourable view.

Mr Michael Foot, the Labour leader, said it would have been a failure of duty to gag himself by becoming involved. This did not inhibit Mr Steel and Dr Owen from questioning Ministers and Dr Owen stressed the value of the Peruvian initiative.

The discussions in the Commons on the Belgrano incident turned on how far the task force had been acting in self-defence and how much political control there had been over the decision to torpedo it.

Mr Denis Healey, the Labour deputy-leader, said Labour de-

Sympathy in Western Europe wears thin

BY OUR FOREIGN STAFF

WEST EUROPEAN sympathy for Britain's cause in the South Atlantic seemed to be wearing thin yesterday following the sinking of the Argentine cruiser General Belgrano.

The strongest reaction came from Ireland, where the Cabinet agreed to seek the removal of European Community trade sanctions against Argentina.

The Irish Government also planned to ask for an urgent meeting of the United Nations Security Council to prepare a new resolution calling for an immediate end to the fighting and negotiation of a diplomatic settlement under the auspices of the UN.

But in Brussels there were few signs of support for the Irish proposal to scrap the embargo. In Bonn, Chancellor Helmut Schmidt said he was "very shocked" by the news of the sinking of the Belgrano. Herr Horst Ehmke, defence policy spokesman for the ruling Social Democrat Party (SPD), warned that the conflict seemed to be running out of control on both sides.

West German politicians and

Press comments varied according to the political colour of the newspapers. Spain's leading liberal paper, *El País*, carried a long article, signed by the editor, which questioned the advisability of Spain's application to join the EEC and more particularly, the Nato alliance, in the light of developments.

## Bankers propose group to assess international risks

BY DAVID LASCELLES IN NEW YORK

INTERNATIONAL BANKERS

should set up a top-level group to discuss the mounting risks of international banking and improve the flow of banking information.

A private New York-based group of leading commercial and central bankers known as the Group of 30 has

re-iterated yesterday that this "defensive area" was quite different from the exclusion zone. This means that any Argentine warship or aircraft anywhere in the South Atlantic is liable to attack if it is judged to be a threat to the "mission of the British task force."

Yesterday, Mr Nott would give no details on British tactics in the South Atlantic. He also refused to be pressed by Mr Denis Healey, the Shadow Foreign Secretary, into revealing much more of what had happened when the Belgrano had been sunk.

However, Mr Nott did confirm that the sinking took place 35 miles outside the 200-mile exclusion zone. He also implied

that there may have been problems contacting the British nuclear-powered submarine which fired on the Belgrano when he noted that it "took time for orders to be received" by the submarine.

The sinking of the 44-year-old cruiser with such heavy loss of life was reported to have hardened the stance of the Argentine Government. Admiral Jorge Isaac Anaya, head of the Navy and a member of the junta, said yesterday that the sinking "strengthens our decision to continue the struggle until the objective is totally achieved."

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that the risks of international lending are increasing." Mr Bell said here yesterday. "One of our main concerns is how to improve the rescheduling process." Reschedulings, he said, was likely to be more frequent and bigger in the future.

The report says that, while

Continued on Back Page

Details, Page 34

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## EUROPEAN NEWS

## JARUZELSKI CALLS EMERGENCY MEETING

## Hundreds held after Polish clashes

BY DAVID BUCHAN

SEVERAL HUNDRED sympathisers of the suspended Solidarity union have been detained for taking part in Monday's violent clashes with police in several Polish cities, the official news agency PAP announced yesterday.

It said there had been serious incidents not only in central Warsaw but also in Gdansk, Krakow and other large cities. In some areas, police cut telephone links, ordered private cars off the streets and reimposed the overnight curfew which had been lifted on Sunday after nearly five months in force.

At the same time, General Wojciech Jaruzelski, Poland's military leader, yesterday summoned an emergency meeting of his top advisers to discuss strategy to avoid a repeat of the disturbances, which have shattered the illusion of calm in Poland under martial law since December 13.

The violent clashes in Poland's cities drew comment yesterday from both Washington and Moscow. Mr Larry Speakes, the

POLAND IS expected to ask for the rescheduling of around \$2bn of interest which falls due to Western commercial banks this year, in addition to around \$2.5bn of 1982 principal, writes Alan Friedan.

The request is likely to come up in talks between Mr Marian Minkiewicz, president of Bank Handlowy (Poland's foreign trade bank) and UK

bankers. Mr Minkiewicz is in London this week and is holding talks with a number of creditor banks.

The visit is seen by bankers as being preliminary to a formal request for a 1982 debt rescheduling package. One banker explained: "We haven't got a proposal on the table yet. I am hoping Mr Minkiewicz's visit will shed some light on the details."

White House Deputy Press Secretary, said the U.S. deplored the use of force and that the demonstrations were "a reminder that the demands for free expression have not been met." By contrast, the Soviet news agency Tass said the unrest was "a desperate attempt by the opponents of socialism to restore their lost position."

Central Warsaw, the principal scene of Monday's protests, was quiet yesterday after the Polish authorities worked fast over-

night to clean up debris in order to minimise the impact of the disturbances. Smashed windows were quickly repaired, and chairs and tables used as barricades on Monday were returned to outdoor cafés in the city's market square.

The demonstrations dominated yesterday's session of the Sejm, the Polish Parliament. In a speech, Mr Mieczyslaw Rakowski, a Deputy Prime Minister, spoke of what he called a "resuscitation of the

spirit of anti-Sovietism" evident during the Solidarity-dominated period before martial law.

But Mr Jan Szczepanski, an independent deputy and a well-known sociologist, urged the Government not to return to stark repression but to carry on its declared pursuit of national accord with some of the Solidarity leadership and the Roman Catholic Church.

Driven underground by martial law, Solidarity activists had confined themselves to issuing dissident broadsheets and the occasional broadcast by a clandestine radio station.

But evidence of the emotional support that Solidarity still retains came on May 1 when some 50,000 people demonstrated in central Warsaw in opposition to martial law. The police did not intervene then, and this apparently emboldened some 15,000 to protest on Monday afternoon.

This protest which featured anti-Communist banners was eventually dispersed by police using water cannon and tear gas.

## EEC at odds over extending steel pact

By Giles Merritt in Brussels

UNEXPECTEDLY HEATED disagreement between EEC member governments over the details of the Community's crisis regime for steel yesterday prevented a decision being reached on its extension into 1983.

The setback to the production and prices disciplines governing steel appears to be only temporary. But with the Ten in agreement on the principle of extending them after they expire on June 30, the range of disagreements at yesterday's EEC industry ministers' council appears to have caught the European Commission unaware.

A special session of the council is now being scheduled to meet here on May 26 following a plea by Viscount Etienne Davignon, the Industry Commissioner, that steelmakers cannot afford to wait until the June 30 council meeting.

There will need to be considerable behind-the-scenes negotiations between officials of the EEC member states, however, if the May 26 council is to succeed.

Several of the EEC's main steel producing countries have put forward particular demands that risk compromising the overall steel regime.

Italy is said to be demanding that its steelmakers' output quotas should be increased as a result of more buoyant domestic demands for steel.

There is an unresolved tension between the Netherlands and West Germany over the re-division of quotas awarded to Hoogovens and Hoess before their cross-frontier Estel partnership was dissolved.

Britain is pressing for a production quotas regime to be applied to EEC special steels, in order to protect the hard pressed Sheffield industry, and Greece is understood to be holding out for "special treatment" for its own vulnerable industry.

There is considerable opposition, too, from the Bonn Government to the Commission's basic proposals to extend the regime by 18 months until the end of the next year, and to include sulphur in the steel products covered by mandatory output controls.

In France, both the unemployment benefit fund (UNEDIC) and the Social Security fund (also in financial difficulty next year) are independent of the government budget and are separately administered.

But they directly concern the government, which contributes to them, sets the level of benefits and is preoccupied with the impact of the deficit on public finances as a whole.

Last week, the managers of UNEDIC formally called for discussion with the government on bridging this year's deficit with a characteristically French insistence on "social partnership" — the fund is administered jointly by employers and trades unions.

The solution that the government proposed for 1981-82 to finance the FF 12bn deficit was a combination of a once-for-all and a state-backed loan.

Otherwise, the major contributors to the fund are industry and employees (other than civil servants).

With rising unemployment and early retirement schemes, the fund's expenditures have

## Railways unveil plan to lure French away from the car

BY DAVID WHITE IN PARIS

A FEW months before the expiry date of its 45-year-old statute, France's state-controlled rail network has decided to brush up its image.

With the aid of a 73-item facelift, the SNCF hopes to woo the car-addicted French back to the train. For, however much foreigners may admire the punctuality of France's rail services and the new high-speed trains between Paris and Lyons, recent figures suggest that four out of 10 Frenchmen have not taken a train ride for five years.

The proposals, aimed principally at making passengers more welcome and better informed, were presented this week in a "white paper" by M. André Chadeau, the chairman appointed last year by the Mitterrand administration.

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## Tindemans hopes for Mideast initiative

By John Wyles in Brussels

MR LEO TINDEMANS, the Belgian president of the EEC's Council of Ministers, arrives in Cairo this evening for talks with the Egyptian Government aware of growing disappointment in some Arab capitals about European diplomacy in the Middle East.

Cairo is Mr Tindemans' third stop in a tour designed to probe attitudes in the Middle East on the future of the Arab-Israeli conflict following Israel's withdrawal from the Sinai. The Belgian Foreign Minister hopes that his tour, which will also include Israel, may lead to a new EEC initiative on the Middle East which would build upon the Community's deliberately Venice Declaration of June 1980 calling for Palestinian self-determination.

During visits to Saudi Arabia and Kuwait at the end of last week, Mr Tindemans was forced to realise how much the expectations of moderate Arabs had been raised by the Declaration, only to be subsequently disappointed.

Saudi leaders pointed out that he was the fourth EEC President in office to be received in Riyadh in less than two years and they implied that precious little had resulted.

Worried about growing Soviet influence on Syria and the Palestine Liberation Organisation and uncertain about future U.S. policy, the Saudis appeared to Mr Tindemans to be still pinning their hopes on winning broad Arab support for the so-called Fahd peace plan.

The Saudi Crown Prince's proposals look likely to be discussed at a meeting of Arab League governments in February this month. A similar meeting last autumn broke up in disarray even before the Fahd plan was discussed.

In these circumstances, M. Jean Autoux, Minister of Employment, yesterday tossed the ball back into the court of the employers and unions who manage the fund and asked them to come up with proposals.

Both are reluctant to increase their contributions. M. Yvon Chodat, vice-president of the employers' association, has said that "it is not possible to leave to companies and wage earners alone the responsibility for financing unemployment benefit."

A suggestion is being floated that civil servants and the self-employed should also be asked to contribute, but this would only add a further FF 12bn (£1.08bn) in 1981-82 to FF 37bn (£3.3bn) in 1982-83. The gap over the year from July 1 is thus equivalent to nearly 40 per cent of the planned budget deficit of FF 95bn for 1982.

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## Kidnapped author found

BY OUR PARIS STAFF

THE POLITICAL kidnapping affair which has been intriguing the French for the past week became still murkier yesterday after the re-emergence of writer Jean-Edern Hallier, in circumstances as bizarre as those of his disappearance eight days earlier.

M. Hallier said he had been through a "nightmare." The 45-year-old author was found bearded and dishevelled in the western outskirts of Paris in

the early hours of the morning, and was later questioned at length by police.

His reappearance came a little more than a day after the final deadline set in a message put out last week in the name of the so-called French Revolutionary Brigades. The demands of this previously unheard-of right-wing group included the dismissal of five cabinet ministers.

The Social Democrats are influenced by reservations voiced by General Nils Sköld, the army commander. He expressed doubt whether the JAS has the development potential needed for an aircraft which will be in service long after the turn of the century.

Gen Sköld and other critics have focused their arguments on the General Electric F404 engine chosen to power the JAS. Gen Dick Sternberg, the air force commander, however, claims that the JAS fulfills all the specifications of the Swedish air force.

## Jonathan Carr reports on West Germany's latest economic forecast

## Small welcome for a better outlook

PITY West Germany's Chancellor Helmut Schmidt. He has just received economic forecasts for 1982 which, on the one hand, are not encouraging enough to help him much with the electorate at home. On the other hand, they may be positive enough to stimulate new calls from abroad for German "sacrifices" to help pull still-necessity countries out of recession.

With his Left-Liberal coalition in Bonn under growing strain and a key provincial election coming up in Hesse in the autumn, there is nothing that could strengthen Herr Schmidt's position better than a strong economic upswing and a marked decrease in the number of unemployed.

In principle, as the country's leading economic research institutes made clear in their spring report released on Monday, the conditions for this positive trend seem to exist. Interest rates (while still high by German standards) have been gradually falling, thanks both to the cut in the current account deficit and the declining inflation rate, which have helped boost confidence in the Deutsche Mark and thus discourage capital outflows.

Yet, infuriatingly for Herr Schmidt, business investment remains weak, the economy is still sluggish and unemployment high.

Even the Government's latest efforts to boost investment and create jobs lie stranded in the Bundesrat — the Upper House of Parliament where the Opposition parties have a majority and have decided to block the new measures, at least for a time.

Last autumn the economic institutes were saying they expected the economy to grow in real terms (after allowing for inflation) this year, by 1 per cent, and unemployment to average some 1.6m. Now they say real growth of only 0.5 per cent and a jobless figure of around 1.5m is to be expected.

This figure is not large in itself, but it is emerging because of a huge visible trade surplus of close to DM 50bn, which more than makes up for the big sums Germans spend on holidays abroad and the payments foreign workers here make to their homelands. Already, last year, the German trade surplus with several partner countries — most notably France — was almost embarrassingly large. This year it could become a political irritant not quickly to be removed simply by reviving the now under-valued D-mark.

It is a similar tale on the part of the public sector deficit which is already too high for comfort, and that a cut in the expected U.S. budget deficit to help bring down interest rates worldwide would be a much more effective international economic stimulus.

On the other hand, Germany's real GNP growth of 0.5 per cent will probably be only about half the Western European average. These are circumstances in which Bonn could well come under pressure, as it did at the Western Economic Summit Conference in 1978, to act as an "economic locomotive," boosting its own economy and thus stimulating imports.

The West German response is that its public sector deficit is already too high for comfort, and that a cut in the expected U.S. budget deficit to help bring down interest rates worldwide would be a much more effective international economic stimulus. Nonetheless, the German combination of big trade surplus, low growth and low inflation forecast by the institutes this year could put Herr Schmidt back in the firing line abroad, even as he battles with his domestic worries.

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# Price controls in Zimbabwe as inflation worsens

BY OUR HARARE CORRESPONDENT

**SWEPPING** price controls have been introduced by the Zimbabwe Government, as the latest official figures confirm a sharp deterioration in the country's trade balance.

The controls replace the four-month price freeze which lapsed at the end of April. A Government-established prices board has recommended a complex system of controls, ranging from basic essentials to less regularly traded items.

The controls have been introduced as part of the Government's efforts to curb inflation which averaged almost 14 per cent last year, almost double the 7.3 per cent experienced in 1980.

The move came ahead of publication of official figures showing that Zimbabwe incurred a trade deficit of \$292m (£70m) during 1981, compared with a trade surplus of \$265m (£51m) the previous year.

The shift reflects a 10 per cent fall in the volume of exports to their lowest level since 1970, and a 25 per cent increase in the volume of imports, which reached their highest level since 1974.

## African Ministers hold Namibia talks in Tanzania

BY QUENTIN PEEL

FOREIGN Ministers of the key African states involved in attempts to promote a peaceful settlement in Namibia (South West Africa) met in Tanzania yesterday as the Western plan for the territory reached a new sticking point.

The meeting is expected to confirm the hostile response of the South West Africa's People's Organisation (Swapo) to the latest Western proposals for elections leading to independence from neighbouring South Africa.

The Swapo rejection means

that the first phase of the intended three-phase negotiations being undertaken by the Western contact group—Britain, Canada, France, the U.S. and West Germany—is still deadlocked, months after its intended completion last December.

Swapo is opposed to a simplified Western plan for a "one man—two votes" system under which the planned constituent assembly would be based partly on constituency elections and partly on a national poll using proportional representation.

## Suharto party set to win as Indonesia votes

BY RICHARD COWPER IN JAKARTA

INDONESIA, the world's fifth most populous nation and largest exporter of oil between the Middle East and the western U.S., went to the polls peacefully yesterday to elect a new national Parliament.

Despite fierce electoral contests in several areas between President Suharto's Golkar Party and the Moslem-backed United Development Party (PPP), notably in Jakarta and the staunchly Moslem province of Aceh in north Sumatra, Golkar is expected to win its third overall victory in a row. The official result is expected to be announced in about a month.

## Deng's grip tightened by China reshuffle

By Tony Walker in Peking

**THE DOMINANT** faction in the Chinese leadership led by Deng Xiaoping, the powerful party vice chairman, has further strengthened its hold on Government with the appointment of a number of new Ministers and the removal from frontline posts of several veterans.

Wan Li and Yao Yilin, two of Mr Deng's closest allies, have been confirmed as Vice Premiers. Eleven other Vice Premiers have lost their positions as part of a bureaucratic shake-up.

Most of the former Vice Premiers have been appointed State Councillors and will act as advisers to the Government, but without direct responsibility for administration.

The new appointments appear to mark a significant defeat for the previously powerful "Petroleum Faction" centring around former Vice Premiers Yu Qiuli and Kang Shien. The latter has lost his job as Petroleum Minister to Tang Ke who was formerly Minister of Metallurgical Industries.

Both Yu and Kang have been appointed State Councillors. They are regarded as "old guard" officials not entirely sympathetic to Mr Deng's economic policies.

The new appointments have been confirmed by the Standing Committee of the National People's Congress, China's Parliament, which has been meeting in Peking.

The number of ministries and commissions under the State Council, China's Cabinet, has been reduced from 52 to 41. The restructuring of the administration has been dealt with in two stages.

On March 8 it was announced that 12 Ministries and Commissions would be reduced to six by merger and abolition. The changes, notified yesterday, involve the appointment of 23 new Ministers and a further sweeping revision of the country's administrative structure.

The State Economic Commission which is responsible for monitoring important sectors of the economy has had its functions significantly broadened. It will take over the Agricultural Commission and Energy Commission among others.

The Economic Commission will be headed by Zhang Jinsu, 68, former Governor in Anhui Province, eastern China, and a man regarded as a strong Dengist.

Among other important administrative changes is the complete overhaul of the administrative structure of China's machine-building apparatus which previously occupied eight Ministries in charge of a range of industries from nuclear power to shipbuilding. Through mergers, abolition and the re-naming of some Ministries, one machine-building Ministry survives.

Zhao also announced yesterday that China expected a budget deficit of 800 yuan (£91m). This year—about the same as the 1981 shortfall.

The Standing Committee approved total revenue for the year of 110.45bn yuan and expenditure of 113.45bn yuan.

U.S.-China relations, Page 5

### Notice of Redemption

## Philip Morris International Capital N.V.

8½% Guaranteed Sinking Fund Debentures Due 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 1, 1971, under which the above designated Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption through the operation of the Sinking Fund, on June 1, 1982 (the "redemption date") at 100% of the principal amount thereof (the "redemption price"), together with accrued interest to the redemption date, \$646,000 principal amount of said Debentures bearing the following distinctive numbers:

### \$1000 COUPON DEBENTURES BEARING THE PREFIX LETTER M

6	696	670	773	949	2377	2454	2684	2685	2837	2881	4502	7860	8121	8082	8851	8862
7	696	671	781	960	2379	2454	2867	2885	3033	3061	8122	8083	8852	8863	8864	
8	695	673	792	1484	2380	2455	2868	2886	3034	3062	8123	8084	8853	8865	8866	
9	695	673	792	1484	2380	2455	2868	2886	3034	3062	8124	8085	8854	8866	8868	
10	695	673	792	1484	2380	2455	2868	2886	3034	3062	8125	8086	8855	8866	8868	
11	695	673	792	1484	2380	2455	2868	2886	3034	3062	8126	8087	8856	8866	8868	
12	695	675	784	1469	2382	2456	2869	2887	3073	3041	8128	8088	8857	8866	8868	
13	695	676	785	1470	2383	2456	2870	2888	3074	3042	8129	8089	8858	8866	8868	
14	695	676	785	1470	2383	2456	2870	2888	3074	3042	8130	8090	8859	8866	8868	
15	695	678	786	1471	2384	2456	2871	2888	3075	3043	8131	8091	8860	8867	8868	
16	695	678	786	1471	2384	2456	2871	2888	3075	3043	8132	8091	8861	8867	8868	
17	695	678	786	1471	2384	2456	2871	2888	3075	3043	8133	8091	8862	8867	8868	
18	695	678	786	1471	2384	2456	2871	2888	3075	3043	8134	8091	8863	8867	8868	
19	695	678	786	1471	2384	2456	2871	2888	3075	3043	8135	8091	8864	8867	8868	
20	695	678	786	1471	2384	2456	2871	2888	3075	3043	8136	8091	8865	8867	8868	
21	695	678	786	1471	2384	2456	2871	2888	3075	3043	8137	8091	8866	8867	8868	
22	695	678	786	1471	2384	2456	2871	2888	3075	3043	8138	8092	8867	8868	8868	
23	695	678	786	1471	2384	2456	2871	2888	3075	3043	8139	8092	8868	8868	8868	
24	695	678	786	1471	2384	2456	2871	2888	3075	3043	8140	8093	8869	8868	8868	
25	695	678	786	1471	2384	2456	2871	2888	3075	3043	8141	8093	8870	8868	8868	
26	695	678	786	1471	2384	2456	2871	2888	3075	3043	8142	8094	8871	8868	8868	
27	695	678	787	1472	2385	2457	2872	2889	3076	3044	8143	8094	8872	8868	8868	
28	695	678	787	1472	2385	2457	2872	2889	3076	3044	8144	8094	8873	8868	8868	
29	695	678	787	1472	2385	2457	2872	2889	3076	3044	8145	8094	8874	8868	8868	
30	695	678	787	1472	2385	2457	2872	2889	3076	3044	8146	8094	8875	8868	8868	
31	695	678	787	1472	2385	2457	2872	2889	3076	3044	8147	8094	8876	8868	8868	
32	695	678	787	1472	2385	2457	2872	2889	3076	3044	8148	8094	8877	8868	8868	
33	695	678	787	1472	2385	2457	2872	2889	3076	3044	8149	8094	8878	8868	8868	
34	695	678	787	1472	2385	2457	2872	2889	3076	3044	8150	8094	8879	8868	8868	
35	695	678	787	1472	2385	2457	2872	2889	3076	3044	8151	8094	8880	8868	8868	
36	695	678	787	1472	2385	2457	2872	2889	3076	3044	8152	8094	8881	8868	8868	
37	695	678	787	1472	2385	2457	2872	2889	3076	3044	8153	8094	8882	8868	8868	
38	695	678	787	1472	2385	2457	2872	2889	30							

## THE FALKLANDS CRISIS

Israelis  
to honour  
arms  
agreements

By David Lennon in Tel Aviv

ISRAEL will honour all its outstanding arms agreements with Argentina but will not sign any new deals, according to the Foreign Ministry in Jerusalem.

The pledge follows the summoning of the Israeli Ambassador in London to the Foreign Office last week, where he was told that Britain wants Israel to stop supplying arms to Argentina.

Over the years, Israel has sold Argentina jet fighters, patrol boats, air-to-air and sea-to-sea missiles, according to Foreign Press reports.

But a Foreign Ministry spokesman said yesterday that it was "absolute nonsense" to describe Israel as a major arms supplier for Argentina. Britain had supplied Buenos Aires with much larger quantities of arms than Israel had, he said.

Mr Yitzhak Shamir, the Foreign Minister, said in an interview with a local magazine that, since the outbreak of hostilities between Britain and Argentina, no new arms deals had been signed with Argentina.

In the past Israel did sell arms to Argentina, as did Britain, he said, adding that Israel has no intention of getting involved in the conflict.

According to overseas reports, Israel sold Argentina 26 Neher aircraft which is a derivative of the Mirage III and was renamed Dagger by Argentina. Some of the Argentine fighters are equipped with Israeli-made Shafir Mk2 air-to-air missiles.

Four Dabur class patrol boats made in Israel were also sold to Buenos Aires, and several locally-made Gabriel sea-to-sea missiles were sold to equip two fast attack craft.

# West Germans worried by threat to trade

By OUR BONN STAFF

WEST GERMAN industrialists are becoming increasingly worried about the long-term implications of the Falkland Islands crisis for their business with Britain.

Concern was already plain during the recent visit to Bonn of an industrial delegation from Buenos Aires, but it has increased following the start of hostilities between Britain and Argentina.

Licences were granted for goods needed by Argentina. But the licence requirement makes Argentine importers among them the subsidiaries of big German companies—feel insecure since they cannot know when they will get a licence," said a representative of the Argentine Chamber of Commerce in describing the effect of his country's retributions.

These retributions also exclude companies from applying for Argentine Government contracts. Tenders already made by them are being disregarded. The West Germans were given to understand that in the long term, the Federal Republic risked losing out in a number of important Argentine infrastructural projects—especially in the construction of nuclear power stations, the erection of new hydro-power stations and the installation of gas pipelines.

They were told that public opinion in Argentina did not see why Bonn meddled in a 150-year-old colonial conflict.

Bonn's participation in the EEC sanctions strengthened the position of West Germany's main competitors—above all of Japan but also of the U.S. and the Soviet Union, the delegation was warned.

The delegation pointed out that West German trade with Argentina had improved in the last two years and that in 1981 alone Bonn had achieved a surplus of DM 1.3bn (£310.6m). In contrast to Britain, the delegation explained, Argentina

## Dublin's move secures little initial support

By JOHN WYLES IN BRUSSELS

IRELAND'S attempt to end the European Community's trade sanctions against Argentina is unlikely to attract significant support from its Community partners, who were generally irritated yesterday by Dublin's decision to break ranks on the issue.

The Irish decision will spark an anxious discussion by Foreign Ministers at their informal meeting in Belgium this weekend. Initial reactions in Brussels yesterday were that Dublin was committing a major diplomatic blunder.

Other member states nevertheless share Irish concern over

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To the Holders of

## ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6 1/4% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1982 at the principal amount thereof \$715,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers

Ending in the Following Two Digits:

19 45 58 65 68

On June 1, 1982, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredeithank S.A. Luxembourg in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due June 1, 1982 should be detached and collected in the usual manner.

From and after June 1, 1982 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI  
By: MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK, Fiscal Agent

### NOTICE

The following Debenture previously called for redemption has not yet been presented for payment:

DEBENTURE OF U.S. \$1,000  
M 27890

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FORTUNE

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### THE RIVAL FORCES IN THE SOUTH ATLANTIC

GREAT BRITAIN			ARGENTINA		
Aircraft Carriers	2	Hermes and Invincible with 20 Sea-Harriers	Aircraft Carriers	1	Ventimico de Mayo with 14 Skyhawks and 4 helicopters
Destroyers	5	2 County class	Destroyers	10	6 guided missile armed
Frigates	9	3 Sheffield class	Frigates	3	All guided missile armed
		4 Broadsword type	Submarines	4	One lost in St. Georgia. Others diesel/electric powered
Submarines	3	3 Amazon class			
		Swiftsure Hunter-Killer class nuclear powered			
AIRCRAFT					
Sea-Harrier	20	250nm range with Sidewinder (AAM) Speed 740mph	Sky-Hawk A-4p	73	460nm range fighter/bomber
Nimrod		Long-range (2000nm) bomber and logistics surveillance aircraft	Mirage III	45	650nm fighter/bomber armed with Matra AAM and Sidewinder AAM. Speed 1,460mph
Wasp	2	Anti-submarine helicopter	A.58	45	345nm light bomber. Could operate from Stanley Airfield. 310mph
Sea King	33	240nm. Can carry torpedoes or 27 men	Sea-King (h/c)	4	270nm. Depth charges and torpedoes
Lynx (h/c)	10	Helicopter armed with ASM Sea-Skuas missiles or torpedoes. Range: 120nm	Lynx (h/c)	2	400nm medium-range bomber
			Canberra B62	11	390nm fighter/bomber armed with Exocet or Sidewinder AAM
			Super-Elandard	14	1,000nm, long-range bomber
			Neptune	10	
MISSILES					
Exocet	28	SSM. Range: 42km	Exocet	28	
Sea Dart	94	SSM and SAM missile. Range: 30km	Sea Dart	44	
Sea Cat	56	SAM. Range: 5.5km	Sea Cat	70	
Sea Wolf	74	SAM. Anti-missile	Torpedoes	66	Mainly wire-guided and contact fused
Torpedoes	48	Mainly wire-guided or acoustic homing			
TROOPS					
	5,600	Mainly marines plus two parachute regts.		6,900	On the Falklands (125,000 in reserve)

nm=nautical miles=1.15 or 1.85 kms  
AAM=air to air missiles  
SAM=air to surface missiles  
SSM=sea to surface  
h/c=helicopter

BRITAIN'S task force in the South Atlantic is bigger than the whole Argentine Navy and is better armed, Bridget Bloom, Our Defence Correspondent writes. But Argentina's air force, with its large fleet of Mirage III and U.S. A4 Skyhawks, greatly outnumbers Britain's 20 Sea Harriers and 50 helicopters. This is the broad conclusion from figures on the battle order of the two forces compiled by the Royal United Services Institution in London.

However, as the military action over the past few days has shown, the figures do not give the whole picture. Britain has so far managed to establish air superiority, both in the vicinity of the task force and apparently at Stanley, capital of the Falklands where the airport was yesterday bombed a third time.

However, such is Argentina's numerical superiority that a

20 more Harriers sent to reinforce Britain's existing complement are not due to arrive in the area for another week or ten days.

The task force also remains at a theoretical disadvantage while operating 3,000 miles from home. It is dependent on an increasingly large number of support vessels, with more than 40 now requisitioned or chartered from trade. Several of these have been fitted with helicopter pads.

In addition there are a dozen Royal Fleet Auxiliary vessels—mainly tankers and supply ships—and these are strung out between the UK, Gibraltar, Ascension Island and the South Atlantic. With the warships, they make a total task force and support of more than 70 ships.

\* The Falkland Islands Aide Memoire. £1 from RUSI, Whitehall, London, SW1.

the navy, air force and marines. The military skills they learn in that time are less sophisticated than those acquired by a longer serving volunteer force such as the British.

The store of experience built up by the British forces in war around the world, from Korea to Cyprus, is also superior to that built up by the Argentine military, which has not been in a foreign war for more than a century and which latterly has been devoted to anti-insurgent operations at home.

Not least important is the senior command structure on the Argentine side. For decades the three armed forces have jealously guarded their own autonomy and their antipathy, one for the other, has often mounted to outright hatred.

After nearly half a decade during which army officers have ruled the country directly or indirectly, the Argentine navy is keen to have an admiral as head of state—a fact which may help explain the hawkishness of Admiral Jorge Isaac Anaya, the navy commander-in-chief.

The army command itself, however, is not without its deep rifts, principally between populists and conservatives, which were most dramatically demonstrated when "Red" and "Blue" army factions took to the streets of Buenos Aires against each other in the early 1980s.

Argentine weaponry, as the sinking of the General Belgrano has indicated, is of variable quality. With local arms manufacture in a relatively early stage of development, the forces must rely on imports.

Now the U.S. has cut off supplies the principal source of advanced weapons is Israel and to a lesser extent Brazil. Both countries seem ready to maintain arms sales to the Argentines.

One sailor waiting in line commented bitterly: "Your sailors are all grown men, ours are babies." Most of the sailors on the veteran cruiser were conscripts under the age of 20.

At the navy headquarters, the mood of the day was demonstrated by wall posters with slogans such as "British, we're waiting for you" and "We're here to help."

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## AMERICAN NEWS

John L. L. S.

## Reagan endorses compromise on black rights law

By REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT RONALD REAGAN has quickly endorsed a Senate committee compromise on controversial legislation to protect the rights of black U.S. voters, which should ensure its passage later this year.

An issue is the 1985 Voting Rights Act, some sections of which expire in August. The Act is disliked by conservatives and some southern states, which feel it unfairly singles them out. Mr. Reagan's past statements on its extension have sometimes been ambiguous.

Under the compromise agreed by a majority of the Senate judiciary committee, the extended Act would prohibit voting practices that resulted in discrimination against blacks and other minorities in all states.

It would not, however, entitle minorities to automatic proportional representation in elected bodies, a development the conservatives had feared.

The standard set under the compromise proposal is considerably easier to back up legally than the one which has been in effect since a 1980 decision by the Supreme Court. The Court ruled that the law was violated only when state or local officials consciously intended to discriminate.

## Mexican oil bribes claim

By OUR WASHINGTON STAFF

AMERICAN federal grand jury is investigating charges U.S. oil equipment manufacturers have made large payments to officials of Pemex, Mexico's Government-owned oil company, the Washington Post reported yesterday.

The paper said court papers filed in Houston, Texas, revealed that the grand jury had already spent several years investigating the allegations, which involve millions of dollars. It was the first major criminal investigation under the 1977 Foreign Corrupt Practices Act.

The investigators were reported to be looking at a period in the late 1970s when oil prices were rising and U.S. companies

## St. Lucia Government defeated at polls

By Tony Cozier in Bridgetown

THE UNITED Workers Party (UWP), which was defeated after 15 years in office in the 1979 elections, has been returned as the Government of St. Lucia with a landslide victory at the polls.

The UWP, led by Mr. John Compton, who headed the Government from 1964 to 1978, won 14 of the 17 seats in the House of Assembly.

The St. Lucia Labour Party, which had formed the previous government, was returned in two seats. The Progressive Labour Party, a splinter group of the former governing party, gained the other seat.

Mr. Compton's triumph reflected widespread public dissatisfaction with the bitter infighting of the former government. This led to the Government's fall two years before its five-year term of office had expired.

Mr. Compton, whose party is strongly pro-Western and favours free enterprise, won his seat with a massive majority. The leaders of the two other parties, Mr. Peter Josie, of the St. Lucia Labour Party, and Mr. George Odum of the left-wing Progressive Labour Party, both lost theirs.

## Jamaican economy back in the black

By Canute James in Kingston

THE JAMAICAN economy has recorded a balance of payments surplus for the first time in eight years. The surplus of \$30m (£22m), was announced by Mr. Edward Seaga, the Prime Minister and Finance Minister. The balance of payments in 1980 had a deficit of \$150m, Mr. Seaga said.

Bankers in Jamaica have said, however, that the surplus was due to increased foreign borrowing last year by the Jamaican Government.

Jamaica borrowed \$514m last year, compared with \$235m in 1980. The increased borrowing, coupled with a 26 per cent increase in the value of imports and a 2 per cent increase in exports, created a current account deficit for last year of \$426.8m. The current account deficit in 1980 was \$148.1m.

PRESIDENT ALVARO Magana, the Salvadorean head of state, newly elected by the 60-member Constituent Assembly, on Monday offered an amnesty to guerrillas willing to lay down their arms.

The new President appeared to hold out against any negotiations with the left-wing insurgents who have been waging a civil war in the country for more than two years.

It is not clear whether President Magana's offer differs in substance from that made

## Amnesty offer to Salvador rebels

By HUGH O'SHAUGHNESSY

to the insurgent left on several occasions by former President José Napoleón Duarte. President Magana was cautious on the issue as to whether the Salvadorean armed forces would be controlled by the civilian political establishment.

The new President said that's that's difficult question," he said, "and one that should be addressed to the politicians. I'm not a politician. I'll try to get along well (with them). I'm sure we'll do that."

President Magana, a former

banker, was chosen by the assembly as being acceptable to the moderate right-wing Christian Democrats, who won 24 out of the 60 seats in the assembly, and to the Conservative Party of National Conciliation.

He was not, however, backed by the far right Arena party of the extremist Major Roberto d'Aubuisson.

The U.S. State Department has, meanwhile, rejected calls from U.S. Senators of both

parties to help in negotiations between the right-wing-dominated Constituent Assembly elected on March 28 and the insurgent FMLN guerrillas and their political arm, the FDR, or Revolutionary Democratic Front.

The Reagan Administration is still maintaining that the insurgents should not be conceded at the negotiating table what they were not able to win at the elections. The left boycotted the March elections.

## Moscow rules out meeting at UN

A SENIOR Soviet spokesman yesterday ruled out a United Nations meeting in June between Presidents Leonid Brezhnev and Ronald Reagan and said the Kremlin was holding out for a "prepared" summit in Europe this autumn, AP reports from Moscow.

The Soviet Union was waiting for "a clear and accurate reply" from the U.S. President on Mr. Brezhnev's summit proposal, according to Mr. Yuri Zhukov, the leading commentator of the Communist Party newspaper Pravda.

He said Mr. Reagan's offer to meet Mr. Brezhnev for a "chat" on East-West issues was unacceptable.

### 'Bullet train' study

A 12-member panel of businessmen and Florida officials has launched a six-month study on the feasibility of using Japanese-style 200 mph "bullet trains" in the State, AP reports from Tallahassee.

A key issue for the Florida high-speed rail committee, appointed by Governor Bob Graham, is whether private investors, probably foreigners, can be found to build, own and operate the Sib system.

### Nestle commission

Nestle, the Swiss-based food company, yesterday named Mr. Edmund Muskie, former U.S. Secretary of State, to head a seven-member commission it has formed to examine complaints about the company's marketing of infant food, reports Reuter from Washington.

In the past five years the company's marketing practices in developing countries have come under fire from consumer groups and clergymen, who alleged the company wrongly encouraged mothers to substitute infant food for breast feeding.

### N-free town

Residents of a U.S. community 15 miles from the White House have voted to make their town a nuclear-free zone, Reuter reports from Garrett Park, Maryland. The residents of Garrett Park voted 245-46 in favour of a resolution to ban the transportation, storage or manufacture of nuclear weapons within the town.



George Bush: search for formula

matic relations with the U.S., if only for the reason that it needs its technology, particularly to exploit its offshore oil.

All Americans recently involved in discussions of any sort with the Chinese have pressed them to realize that the damage to relations caused by withdrawing their ambassador could not be limited to diplomatic affairs and might react on every kind of economic and cultural exchange.

It is strongly in the Chinese interest to maintain full diplomatic relations with the U.S.

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## WORLD TRADE NEWS

## Italy worried by Libyan trade payment delays

BY RUPERT CORNWELL IN ROME

THE ROME authorities are increasingly concerned over delays by Libya in meeting its financial commitments to Italian exporters, which have created severe problems for a host of small and medium-sized Italian companies.

Since the start of the year, the backlog of repayments by Libya due, but not as yet fulfilled, for contracts and deliveries from Italian exporters is reckoned to be in excess of £1,000m (£426m). Sums covered by SACE, the Italian export credit guarantee body alone, are understood to be around £200m.

Various efforts by the Italian Government to settle the problem in recent weeks have come to nothing. At first, it was believed in Rome that bureaucratic hold-ups were to blame. Libya has recently declared that only state-owned companies are now permitted to place orders

abroad. But the Government now seems convinced that the true reason is political.

For that reason, substantial hopes are pinned on the forthcoming visit to Rome by a delegation from Tripoli headed by Major Jalloud, the Libyan Prime Minister.

The argument between the two countries seems to be primarily bilateral, and now appears to revolve around Libyan attempts to pressure Italy into stepping up its purchases of more costly Libyan crude oil.

Last year's export boom for Italian companies operating in Opec and Third World markets saw Libya become the fifth largest single market for Italian goods.

In return, Libya was providing in 1980 over 14 per cent of Italy's crude oil requirements. But importers, most

notably AGIP, the state-owned petroleum concern controlled by ENI, later last year cut back heavily on its purchases of Libyan oil, because of its high cost compared with crude available on the open market.

Another apparent sign of Libya's intention to force the Government to order greater purchases by AGIP has been its withdrawal from plans for a £500m rescue package for Maraldi, the troubled steel and sugar group at present being run by a government-appointed commissioner until its fate is decided.

A questionnaire circulated by Cinfa Industria, the Italian employers' association, revealed that 150 companies, with a total exposure of £300m (£340m) were at present affected by Libya's delays in meeting its obligations.

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## HK company in 'phone venture

BY ROBERT COTTRELL IN HONG KONG

CONIC INVESTMENTS, the Hong Kong electronics company, has finalised a deal to manufacture an innovative telephone and computer combined unit under contract to International Communications Technology of Luxembourg.

Mr K. M. Pang, the Conic general manager, said yesterday that the company has been working on the product for over

a year, using technology developed in California.

The unit includes a five-in-one television screen, printer and a keyboard. It will have a price of \$400, and Mr Pang says Conic's contract is "open-ended" to produce as many of the devices as can.

The company is now developing a new plant at Tai Po industrial estate in the New Ter-

ritories and hopes to be producing the units there at a rate of 60,000 per month by the year-end.

Meanwhile, Conic is developing a joint-venture factory in the Philippines to which it will transfer production of some of its existing lines.

The Luxembourg concern will market the device, aiming initially at the European market.

## Canberra will buy Lockheed Orions

THE Australian Government has formally announced its intention to purchase 10 P-3C Orions from the Lockheed California company.

The announcement was made by Mr James Killen, Australia's Minister of Defence, in the Canberra Parliament.

Last October the Royal Australian Air Force said it planned to purchase the anti-submarine aircraft for its maritime patrol force.

Agencies

## Australia-NZ free trade area is predicted

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE DISMANTLING of all trade barriers between Australia and New Zealand has been predicted by Mr Douglas Anthony, the Australian Deputy Prime Minister, who is also Minister for Trade and Resources.

Mr Anthony also forecast cuts in levels of protection for Australia's manufacturing industry.

Australia and New Zealand are at present holding talks aimed at liberalisation of trade

relations. It is hoped a new trade agreement will be in force by January 1 next year, if the talks succeed.

Australia recently overtook the UK as New Zealand's biggest export market. In the year to December 31, 1981, New Zealand's exports to Australia were worth NZ\$876m (£380m).

The new arrangements, Mr Anthony said, could form the basis for completely free trans-Tasman trade.

Relations are becoming increasingly concerned about Romania's public debt, which stands at more than £300m.

Mr Lada has submitted a proposal to Soviet export officials to build a car assembly plant in Canada.

Mr John Wright, Lada's marketing sales manager, said yesterday that company officials will meet with Soviet officials in Moscow late this month to discuss the proposal, under which Lada Canada would assemble Niva model cars in Canada.

At present, Lada Canada, based near Toronto, the sole Canadian importer and distributor of the Lada car, imports all its vehicles from the Russian car-maker.

Mr Wright said the company has identified sites in the provinces of Nova Scotia and Ontario as possible locations for such a plant.

This easing of the British position became apparent yesterday when Mr Peter Rees, the Minister for Trade, spoke to the Trade Policy Research Centre in London.

He said that the Government is anxious to achieve more international "transparency" in the application of safeguards on imports taken in place of the

measures permitted under Gatt's Article 19.

This Article, which has been relatively little used, provides for a government whose domestic industry is injured by a surge of imports to erect protective barriers. But such barriers should be tariffs rather than quotas and exporting countries should be compensated.

Instead, governments and industries injured by imports have tended to negotiate with exporters voluntary sales restraint agreements or orderly marketing arrangements. A

## William Chislett reports on restrictions in a once-open market Computer scramble in Mexico

INTERNATIONAL computer companies are scrambling to set up in Mexico under pressure from the Government which has told them to manufacture in the country or get out.

Some 40 companies have submitted manufacturing programmes to the Industry Ministry including IBM and the UK manufacturer, ICL, the largest in Europe. Proposals are mainly for micro and mini computers through joint ventures.

Only a year ago, the rapidly expanding Mexican market, which is one quarter the size of the entire Latin American market, was a paradise for companies. Import permits were easy to obtain, tariffs were not high and there were no quotas.

Imports of computer systems and peripheral equipment increased by 175 per cent in 1980 to about Pesos 5tn (£110m), according to the Industry Ministry.

It is currently involved in talks with the international banking community to re-negotiate repayments of some \$3bn of foreign debt for 1981-82.

The EDC official, M. Jean-Claude Bigard, said the Corporation extended a £600m line of credit to Romania in 1979 to purchase the reactors.

Mr James Donnelly, President of Atomic Energy of Canada Limited (AEC), which markets the reactors, told a Canadian Parliament public accounts committee that he is concerned about the EDC decision because no orders can be met by Canadian suppliers until the funds are freed.

The international banking community has become increasingly concerned about Romania's public debt, which stands at more than £300m.

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technology, have made the Government take a tough line, to the displeasure of some companies.

The small manufacturers fear they could be squeezed out by the computer giants.

The Government's very ambitious goal is to have local computer manufacturers supply 70 per cent of the domestic market within five years.

At the moment, Burroughs assembles magnetic core memories and NCR electronic cash registers. Modems, multi-

number of domestic producers, has sold very well in Mexico, but the company's offices in Mexico City refused to make any comment about IBM's plans.

IBM and ICL will be among major companies displaying their computers at a large exhibition to be held in Mexico City on May 11.

ICL has been successfully operating a marketing and engineering operation in Mexico City for the past four years. Its sites in Mexico are still only a tiny fraction of the company's worldwide turnover of about \$200m (£110m) but they have been growing by 50 per cent a year and could reach \$100m this year.

The Government is not only giving companies little alternative but to set up in Mexico, it is also encouraging them to become more export-oriented.

Under a complicated formula and over a gradual period domestic manufacturers will be expected to export the dollar value of their imports or to compensate for their lack of exports by buying more and more components made in Mexico. This will mean a demand for domestic manufacturers of silicon chips.

The Government is prepared to give generous tax incentives to encourage the growth of a domestic computer industry. The same incentives will be given to computers as to the capital goods sector as a whole and include electricity and oil at 30 per cent below national prices and tax credits based on job creation and output.

## Britain eases stance on import restraint

BY PAUL CHEERSRIGHT, WORLD TRADE EDITOR

THE UK Government's policy on import restraints is shifting away from a reliance on informed measures outside the system laid down in the General Agreement on Tariffs and Trade (GATT).

This easing of the British position became apparent yesterday when Mr Peter Rees, the Minister for Trade, spoke to the Trade Policy Research Centre in London.

He said that the Government is anxious to achieve more international "transparency" in the application of safeguards on imports taken in place of the

quarter of all Japanese sales in the UK are covered by voluntary export restraints.

There has been a proliferation of such agreements throughout the international trading system in recent years, especially in the face of newly competitive sales by industrialising countries. The process has been called the "new protectionism."

Such a shift is consistent with the public statements emerging from Government Ministers about the future of the trading system, whose liberal bias it is considered in the UK's best interest to maintain.

## ENERGY REVIEW

## Disposing of the West's nuclear waste

By David Fishlock, Science Editor

Table 1: Britain's Civil Plutonium Stockpile

	TONNES PU
IN STOCK (AS MIXED U-Pu OXIDES)	14.5
IN MAGNOX REACTORS (AS FUEL)	8.5
IN SPENT FUEL COOLING PONDS	3.5
IN CHEMICAL PROCESS PLANT (PU-NITRATE)	0.5
LEASED TO UK ATOMIC ENERGY AUTHORITY FOR FAST REACTOR DEVELOPMENT	5.5
EXPORTED FOR FAST REACTOR R & D	0.5
<b>TOTAL</b>	<b>33.0</b>

TYPE	DESCRIPTION	CUBIC METRES PER YEAR TO END-CENTURY (AVERAGE)
LOW-LEVEL	TRASH THAT MAY BE CONTAMINATED WITH TRACES OF RADIO-ACTIVITY	20,000
MEDIUM-LEVEL	RADIACTIVE SOLIDS AND SLUDGE	2,000*
HIGH-LEVEL	RADIACTIVE LIQUORS FROM REPROCESSING	50†

\* Includes 400-500 tonnes per year currently dumped at sea. † Reduces to one-third volume when vitrified.

Source: Department of the Environment

DR MICHEL PECQUEUR  
RE-USE IN PRESENT REACTORS

because of the high level of radioactive needed—it would be preferable to re-use the plutonium in present French reactors.

The appeal of "plutonium recycling" in thermal reactors is still strong in several countries. This was clear from the conference, despite the conclusion of the U.S.-inspired International Nuclear Fuel Cycle Evaluation (INFCIE) in 1980, that plutonium recycling could seriously increase the risk of plutonium weapon proliferation for no dramatic economic advantage. As Mr Davis expressed it, "I'd hate to throw away fuel with 40 per cent of its energy still in it."

In Belgium, for example, Belgonucleaire has been operating a plutonium fuel-making factory at Dessel since 1973. The factory operates under international safeguards exercised by the International Atomic Energy Agency, which add 10-12 per cent to the cost of the fuel it reported.

West Germany also remains enthusiastic about plutonium recycling. Dr Hans-Hilger Haunschild, permanent secretary at the Ministry of Research and Technology, says his country might also find it useful to recycle plutonium because of a delay in introducing commercial fast reactors. Nuclear energy must not lose its long-term perspective, namely, the

UK Government is preparing a White Paper for publication later this year, which will show that Britain must invest in four or five major new facilities for the disposal of nuclear waste by the end of the century. The first will probably be a larger vessel for sea-disposal, together with dock facilities capable of handling bigger packages.

Dr Haunschild said: "West Germany had begun a slow but steady process in the revitalisation of the nuclear option" after the "many, often violent" demonstrations of the 1970s.

Focus of some of the most vehement demonstrations in Germany were the ambitious plans for a large facility at Gorleben for storing spent fuel, reprocessing, reprocessing new fuel and permanently storing radioactive waste.

For the time being, these have been scaled down to more modest proportions. Dr Haunschild reported that construction work on a new central facility for storing spent fuel at Gorleben had begun. Together with exploratory drilling and stored above ground for 50-100 years while they "cool" in activity when they will become much easier to contain safely in a subterranean repository.

## BASE LENDING RATES

A.B.N. Bank	13.5%
Allied Irish Bank	13.5%
American Express Bk	13.5%
Amro Bank	13.5%
Henry Astorbank	13.5%
Arbuthnot Latham	13.5%
Associates Cap. Corp.	13.5%
Banco de Bilbao	13.5%
BCCI	13.5%
Bank Hapoalim BM	13.5%
Bank Leumi (UK) plc	13.5%
Bank of Cyprus	13.5%
Bank Street Sec. Ltd.	13.5%
Bank of M.S.W.	13.5%
Banque Belge Ltd.	13.5%
Banque du Rhone et de la Tamise S.A.	13.5%
Barclays Bank	13.5%
Beneficial Trust Ltd.	13.5%
Brewer Holdings Ltd.	13.5%
Brit. Bank of Mid. East	13.5%
Bank Shipton	13.5%
Canada Permt. Trust	13.5%
Castle Court Trust Ltd.	13.5%
Cavendish G'ty T'st Ltd.	13



In competition, a car that doesn't stop quickly is about as useful as a car that doesn't go quickly.

As a competition driver this was a fact that Vincenzo Lancia understood perfectly.

From the very beginning he insisted that the cars he made be fitted with the finest, most up to date braking system.

Not surprising then that Lancia won nearly every motoring cup going.

'Ah, do we hear you say? 'But Vincenzo Lancia passed on years ago. Do Lancias still live up to his name?'

In the last thirteen years Lancia has won the Monte Carlo Rally five times, the World Rally Championship thrice, the European Rally Championship and the World Championship for Makes twice, the Targa Florio, the RAC Rally, the Tour de France, and many more.

These rallies and races were won by cars like the Montecarlo, the Fulvia and the Stratos. But their showroom cousins have benefited from their experience.

The Delta, for instance, was Car of the Year 1980. It is uniquely luxurious for such a compact car; the level of equipment and trim is second to none.

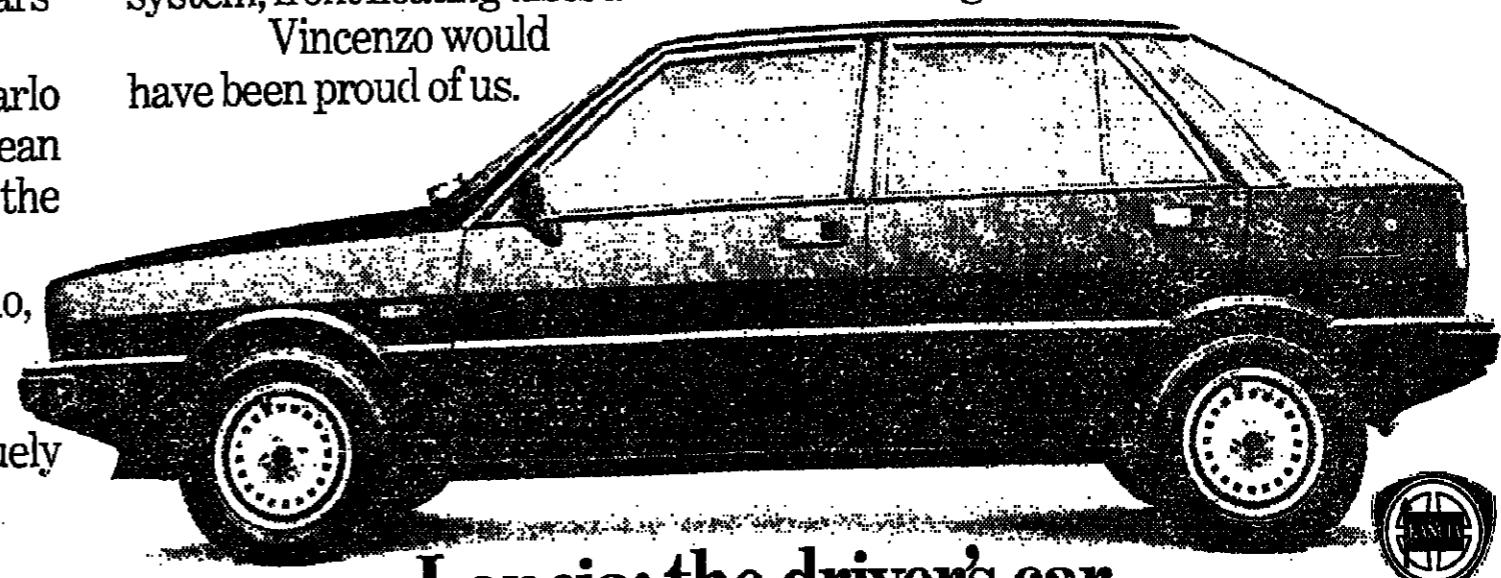
Over 100 mph is achieved by its 1500 cc overhead cam engine and

Lancia Delta £5429. Car featured with optional alloy wheels £179 extra. Automatic option £439. Prices and specifications correct at time of going to press and include seat belts, car tax and VAT, but exclude delivery and number plates. Performance data source Fiat SpA. The Delta carries a Cryla-Gard 6 year anti-corrosion warranty which covers all major parts and is subject to annual inspections by the dealer, paid for by the owner. For further details on Lancia contact Christopher Shelly, Lancia Marketing, PO Box 39, Windsor, Berkshire.

its acceleration is equally outstanding. The Delta has front wheel drive, all round independent suspension and rack and pinion steering, giving it the sort of handling that Lancia have always been famous for.

For the driver's security, the Delta has 'crumple zones' front and rear; a collapsible steering column and special padding on the fascia and other interior surfaces. And just so you won't need any of the safety features, we've given the Delta a super-efficient Duplex braking system, front floating discs and rear self-centring servo assisted drums.

Vincenzo would have been proud of us.



Lancia: the driver's car.



## UK NEWS

## Prince opens £17m Babcock plant

By David Fishlock, Science Editor

THE 50-TONNE nuclear pressure vessel for a new pressurised water reactor under construction in Scotland was shown to the Prince of Wales by directors of Babcock International yesterday.

The vessel is one product a £1.2m machining and assembly shop at Renfrew which was opened by Prince Charles.

The almost-completed pressure vessel is the prototype for Britain's Trident submarines and a future generation of nuclear-powered hunter-killer submarines for the 1990s.

It is the first PWR vessel Babcock has designed and was ordered by the Navy for PWR 2, Dounreay, North Scotland.

The vessel has been designed to meet the latest British requirements for pressure vessel safety and inspection.

Later this year Babcock will ship the finished vessel to Barrow for assembly into a complete reactor.

The first Trident nuclear propulsion system is scheduled to be shipped to Dounreay as a complete 1,600-tonne assembly in 1984. The vessel has been made by Babcock Power from three alloy steel forgings purchased from Creusot Loire in France.

The prince was also shown part of a contract worth £50m for critical components for advanced gas cooled reactors under construction at Torness in Scotland and Teysham in Lancashire.

Sir John King, chairman of Babcock International, said the new investment, made during a period of recession, had given the company the "best factory in Europe".

Sir John described it as a "transformation in working environment" for the 400 employed in the new factory.

The building, 600 ft long with three bays, each 100 ft wide, accounts for about half of the total investment. Inside, 64 machine tools—mostly computer numerical controlled—replace 120 required before, and give an estimated 30 per cent increase in output.

Mr Jimmy McIntyre, the manager who planned the investment, said it represented the first phase of a prospective £70m manufacturing investment at Renfrew, in a factory planned to make about 4,000 Mw of capacity of steam-raising plant a year.

Renfrew, the biggest of Babcock's manufacturing plants in Britain, has increased its exports from about 10 per cent of turnover in the mid 1970s to 60 per cent of turnover today.

## Growth forecast for natural gas industry

BY RAY DAFTOR, ENERGY EDITOR

BRITAIN'S natural gas industry is set for a major expansion, according to officials of the International Energy Agency.

Mr Fred Gorbet, director of the agency's long-term co-operation office, said in London yesterday that the UK was one of the countries in the developed world with an ability to increase natural gas output over the next 20 years.

Natural gas could play a critical part in reducing the West's dependence on crude oil, he said. There was a possibility that the UK could develop its gas reserves fast

enough to consider exports in addition to satisfying domestic demand.

Mr Gorbet said the agency was encouraged by steps being taken by the Government to encourage gas exploration and development in the North Sea.

Mr Gorbet was introducing an IEA report which criticises the monopoly buying position of British Gas Corporation. The report says the monopoly position of the State-owned corporation has inhibited exploration. This, in turn, may have led to unduly conservative estimates of undiscovered reserves.

Mr Gorbet said the agency was pleased that the Govern-

ment had introduced legislation to break the Gas Corporation's monopoly rights. This should encourage exploration and develop a number of fields.

The agency, which represents most of the countries in the Organisation for Economic Co-operation and Development, adds that the monopoly power of British Gas has inhibited exploration. This, in turn, may have led to unduly conservative estimates of undiscovered reserves.

Mr Gorbet said the agency was pleased that the Govern-

ment had introduced legislation to break the Gas Corporation's monopoly rights. This should encourage exploration and develop a number of fields.

The report estimates that UK natural gas production, which totalled 37.3bn cu metres in 1980, could rise to 42bn cu metres by 1985 and 40bn-44bn cu metres in 1990.

Even in the year 2000, UK output of natural gas could be more than today's—between 36bn and 48bn cu metres a year.

On the other hand, gas production by OECD nations as a

whole is expected to remain fairly static over the next 20 years. Compared with the 1980 level of 835.4bn cu metres, output is expected to be 785bn-885bn cu metres in 1980 and between 706bn and 1,056bn cu metres in the year 2000.

Gas consumption within the OECD countries is expected to rise from 900bn cu m in 1980 to 1,010-1,235bn cu m at the turn of the century.

The report shows that Western Europe is likely to become increasingly dependent on gas imports, particularly from countries outside the OECD

areas. European imports could rise from 12 per cent of current gas consumption to almost 50 per cent by 2000. A large share of these imports was expected to come from the Soviet Union, Algeria and possibly Nigeria.

Mr Gorbet said he recognised that the Reagan Administration in the U.S. was concerned about the political and strategic implications of Western Europe becoming reliant on substantial gas imports.

\* Natural Gas Prospects to 2000: ISBN 92-64-12209-1: International Energy Agency, available from OECD publications offices and sales agents.

## Justices approve new casino for London

By Duncan Campbell-Smith

LONDON'S FIRST new casino since 1978 was given the go-ahead by the South West London Licensing Justices yesterday. It should open later this year in Park Lane's Hilton Hotel.

The justices approved the casino, which will be managed by Grand Metropolitan's Mecca Sportsman subsidiary, at the first of a long series of gaming licence hearings which will continue intermittently until July.

There was a stalling room only in the Norfolk Room of London's Caxton Hall, where the magistrates were sitting. Among the rows of soberly dressed observers were Mr Gwyn Ward Thomas, chairman of Trident Television, and a number of other directors of that company which awaits a decision on gaming licences for the Playboy and Clermont clubs.

The clubs which Trident acquired from Playboy Enterprises, of the U.S., in December, have been closed since February 15, awaiting the present hearings.

The Hilton casino's case took up most of yesterday's hearing. It was less than straightforward. Mecca Sportsman won a licence for its last year but only by giving an undertaking to surrender the licence of Casanova Club, another Mecca casino, in exchange.

The company yesterday said things were very different precisely as a result of the closure of the Playboy and the Clermont.

This had given rise to an unsatisfied demand for new facilities, said the company's counsel. The company sought renewal of the Hilton licence and a release from the company's earlier undertaking.

A lengthy discussion ensued about the level of demand for gaming in Mayfair and London generally. The implications for the Trident hearing hung almost visibly in what little air there was in the crowded room.

The Tog Mor (Gaelic for "big lifter") has been offered for the job by Howard Doris, its owner, which runs the offshore construction yard at Loch Kishorn, on Scotland's North-West coast.

## Energy Minister defends North Sea oil tax system

A SENIOR energy Minister yesterday defended the North Sea oil taxation system against industry claims that it was too harsh.

"The regime is fair and economically justified," said Mr Hamish Gray, Minister of State for Energy, during a visit to the offshore technology conference in Houston, Texas.

"I believe that we have achieved a reasonable balance between the nation's share of revenues from an irreplaceable national resource and the right of companies to a fair return on their high-risk investments."

During the past few weeks oil companies and their main representative body the UK Offshore Operators Association, have

blamed high taxes and oil price uncertainties for a slowdown in offshore development.

The Government has appointed two industrialists to the Board of the British Gas Corporation as part-time members for three years. They are Sir Leslie Smith, chairman of the BOC Group, and Mr John Birkin, chairman and managing director of Tunnel Holdings.

Mr Richard Greenbury, joint managing director of Marks and Spencer, has been reappointed as a part-time member for the next two years. Former trade union leader Lord Scanlon has

told Mr Nigel Lawson, Energy Secretary, that he does not wish to be reappointed to the Board when his term of office expires

## Contractor seeks an early finish for rig

BY MAURICE SAMUELSON

WORK ON the major underwater part of the Maureen oilfield's production platform to be operated by Phillips Petroleum, may be completed by December instead of next spring, as originally intended.

Ayrshire Marine Constructors, of Hunterston, near Glasgow, hopes to complete the 7,000-tonne jack-up rig—with accommodation for 200 people—from Howard Doris' Laird of Merseyside and UIC of Clyde Bank.

The Maureen field, 163 miles North East of Aberdeen, is being developed by Phillips at a cost of £700m (£1.25bn). When it comes on stream in 1984 it should yield up to 72,000 barrels a day from its estimated recoverable reserves of 150m barrels.

British gas is also believed to have invited tenders for the Maureen platform's steel foundations early to strengthen its bid for further work to help keep its yard open.

Last week, AMC applied to build a platform for the British Gas Corporation's Morecambe Bay gas field. Lack of orders for the period

following completion of the Phillips contract recently prompted it to issue precautionary notices to 320 of the 1,050 site workers.

The two sections, weighing 110,000 tonnes, will be "mated" together in the Loch's deep water and then towed to the field, where they will be lowered on to a template on the seabed, through which the oil will be extracted.

Later this month the

Maureen field's 3,000-tonnes concrete loading column—from which oil will be pumped onto tankers—will also be removed from dry dock at Loch Kishorn.

Phillips says that this will be the first time that the upper deck of a North Sea platform has been "mated" in its jacket before being towed to its offshore destination.

These time-saving operations are intended to permit production to begin almost immediately after the platform's arrival. Otherwise the Maureen field might have been too marginal to have been worth developing.

During the past few weeks oil companies and their main representative body the UK Offshore Operators Association, have

## British Rail presses on with APT tests

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE DISASTROUS debut of British Rail's Advanced Passenger Train (APT) into passenger service last December has made a mockery of BR's claims to be running a regular APT service.

The bitter winter weather was a major contributing factor to the problems but BR admits that there are still too many failures on the APT's test runs to put it into service with any confidence.

In retrospect, BR says it underestimated the amount of work needed to adapt three prototype APTs back into service later this year and vigorously denies reports that it is on the point of abandoning the APT project altogether.

Since December, BR design engineers have had to incorporate important technical weaknesses became all too evident when the train was in service—the tilt mechanism and the conventional brake system.

The modifications on one of the APT prototypes have been completed and the train is being used on simulated passenger runs on the London-Glasgow route.

But to try to resurrect the APT service at this stage would

be to court the problems of a few months ago when delays and breakdowns were making a mockery of BR's claims to be running a regular APT service.

The shared bogies have proved highly inflexible when a coach has had to be taken out of service. The coaches will be replaced by ones with self-steering characteristics to ensure a smooth ride.

Features remaining in the APT are the coach-tilting mechanism which enables the train to take curves at high speeds, and the lightweight construction which puts the APT into the low energy consumption bracket.

BR believes this unique solution to the problem of running trains at high speeds without laying special tracks will ensure that the APT will eventually go into production as the train for the 1980s and 1990s.

The uncertainties about BR's financial future, and the pace at

which electrification of major routes will progress, will continue to raise question marks over the future of the APT.

BR says, for instance, that it would like to modify the APT so that all the necessary power units go into the first vehicle of the train, but says that this is beyond its resources at present.

The rate at which the APT goes into production will also depend heavily on the investment resources available to BR in the future.

In the meantime, the board of BR will be asked to approve the development of a new electric locomotive, enabling an electric version of the diesel-powered High Speed Train to go into service. This would act as a stop-gap until the APT was in full production.

BR believes this unique solution to the problem of running trains at high speeds without laying special tracks will ensure that the APT will eventually go into production as the train for the 1980s and 1990s.

The move into hats, which Marks and Spencer has not featured for many years, is one of several new lines it is selling.

Bedding plants are being sold in 25 stores on a trial basis following the success of pet plants. Other new lines include pine kitchen clocks and picture frames.

## Marks and Spencer moves into millinery

By Anthony Moreton, Textile Correspondent

MARKS AND SPENCER has moved into millinery. It started selling women's hats on a trial basis in about half a dozen stores just before Easter and the result was so successful that about 50 outlets are now involved.

The range is at the moment limited to a couple of summer straw hats, a peaked cap and one or two other designs. Prices vary between £3.99 and £7.50.

For the autumn the intention is to extend the range considerably, taking in felt fedoras and monofil hats.

The influence of the Princess of Wales has been very strong on the millinery trade in the past few months. Since her engagement last year the princess has worn a wide variety of hats and this has stimulated buying among young women.

Nearly all fashion shows now include either a range of hats or feature models wearing them.

The move into hats, which Marks and Spencer has not featured for many years, is one of several new lines it is selling.

Bedding plants are being sold in 25 stores on a trial basis following the success of pet plants. Other new lines include pine kitchen clocks and picture frames.

## Floating crane to lift Tudor warship wreck

By Maurice Samuelson

A MAN-MADE "monster" now in a Scottish Loch will have the distinction later this year of lifting the Mary Rose, King Henry the Eighth's prize warship, from the bed of the Solent, where it has lain since 1545.

The Tog Mor (Gaelic for "big lifter") has been offered for the job by Howard Doris, its owner, which runs the offshore construction yard at Loch Kishorn, on Scotland's North-West coast.

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Before reaching the Solent in August, Tog Mor will be towed to Norway to help to assemble the loading buoy for the Statfjord "B" field.

Like some other large companies, Howard Doris is understood to be giving its services free to the Mary Rose recovery team. The job could have cost £300,000.

It paid £5m for Tog Mor, which was built in Hamburg last year by Blohm and Voss.

## A prospect of upset in Lothian

THE MOST keenly-awaited election result in Scotland this week will come from the Lothian region, scene of one of the biggest battles over local government spending in Britain.

It is the one Scottish region with the prospect of a political upset, and also the one where the Social Democratic-Liberal alliance hopes to make the most impact and could even hold the balance of power.

A new fight with Mr George Younger, the Secretary of State for Scotland, over local government spending, which central government feels to be excessive and unreasonable, has added to the drama.

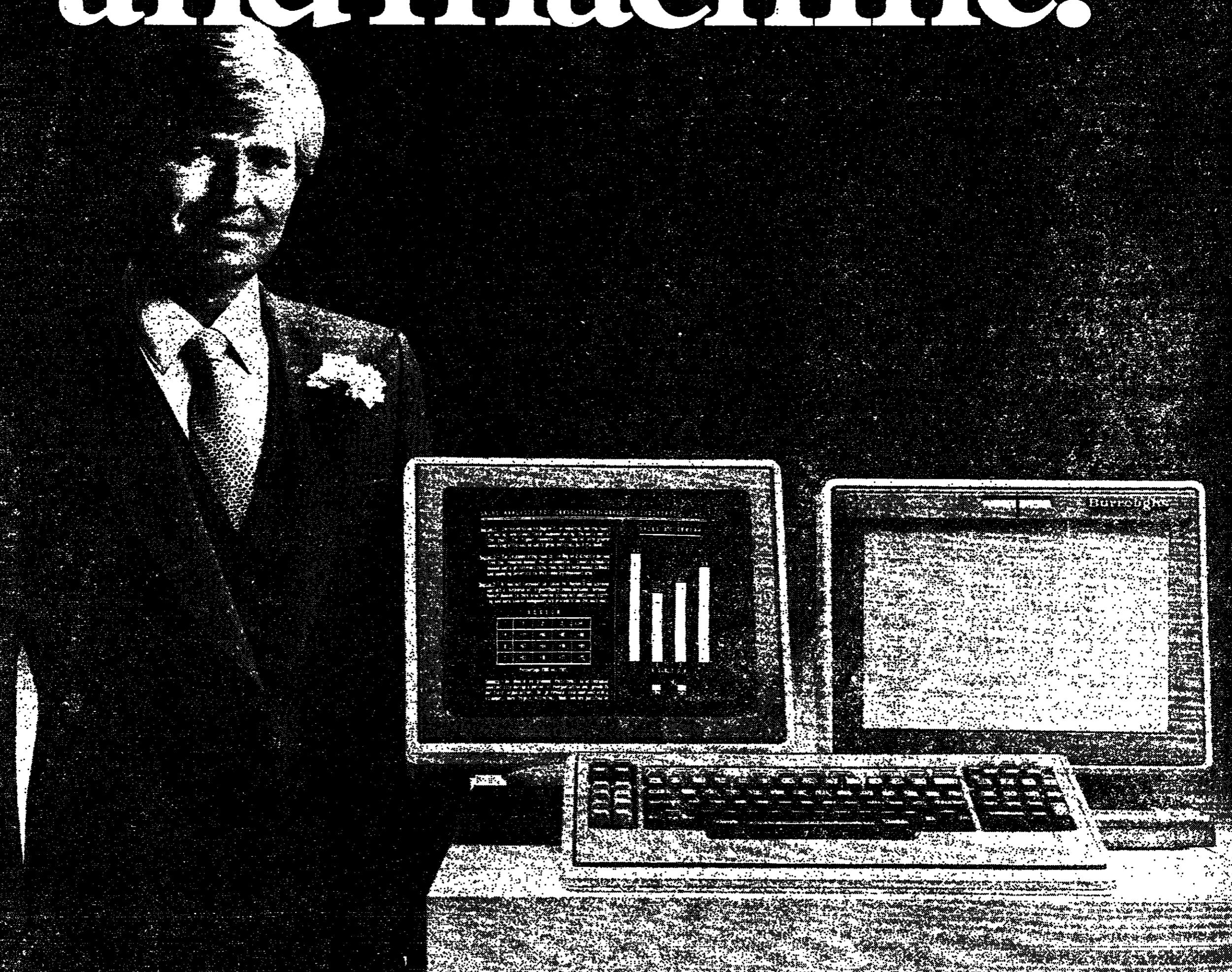
Scotland has nine regional and three island councils with 430 seats in all. The Western Isles, Shetland and Orkney—as well as the Highland, Borders and Dumfries and Galloway regions—are represented mainly by independents. Only a few councillors are of the main political parties.

Labour dominates the most populous regions—Strathclyde, Lothian, Fife and Central—while the Conservatives run Tayside and Grampian.

Of the 430 seats, 291 are not being contested. There are 322 Labour, 298 Conservative, 267 Scottish Nationalist and 236 Alliance candidates competing—as well as other independents and members of special pressure groups—seeking the others.

The strength of the Alliance may alter slightly the political complexion of Fife or Strathclyde. But the most important fight is in Lothian—a deep band of territory along the Firth of Forth, east and west of Edinburgh. It involves all the council's 49 seats.

# At last the perfect marriage of man and machine.



If you've got a business—or just a department—to run, and you want help running it, the B20 is the perfect partner.

The B20 is the new small business system from Burroughs. It is one of the new generation of 16-bit micros, but it's more than just a microcomputer.

Its memory currently expands up to 640 Kilobytes with up to 60 megabytes of disk.

And when you need to grow you can cluster multiple workstations together to form a high speed local area network that's thirty times faster than a conventional network.

And because each workstation has its own micro-processor you're not going to run

up against the problems of an overcrowded central processor.

The 15" video screen gives a clear image so you won't strain your eyes and tilts and swivels so you won't strain your back.

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## UK NEWS

## Moves to revive failed carpet company

By Mark Meredith,  
Scottish Correspondent

MR JOHN LOGUE, a Stroud businessman, hopes to put the BMK carpet company with its jumping lamb symbol back on its feet after the receiver was called in last October.

The Kilmarnock-based company will be producing carpets in a recession and in the face of huge imports from Belgium and the United States, but with just over one-fifth of the staff and an eye to export markets.

Blackwood Morton and Sons, which employed 1,500—most of them at Kilmarnock, south-west Scotland, collapsed after a pre-tax loss of £1.3m in the year to December 1980. Half of the company's shares were owned by the Morton family.

Among BMK's problems were its concentration on Axminster carpets, a type of woven carpet allowing for many colours and patterns. Only 15 per cent of its output was in tufted carpets, which have the pile planted into a synthetic base and are cheaper to produce.

## Problems

The home market had tilted heavily in favour of tufted carpets which were being imported widely. Only 15 per cent of BMK's products were exported.

Mr Logue believes managerial problems were behind the fall of BMK. "It could have been saved 12 months ago," he said.

Mr Logue plans no radical changes in BMK's product range, maintaining the production of Axminster and producing up-market tufted carpets rather than more popular, cheaper ones. The big changes will come in management and production.

BMK's main difficulty was its "vertical integration," Mr Logue says. "It imported wool from New Zealand and jute from Bangladesh and processed its own jute and spun its own yarn when these products could have been brought in cheaper from outside. It did everything in-house and there were losses in every department."

The jute and spinning sections of the company will not be started again.

Instead of a staff of 1,500, Mr Logue feels 840 people will be enough to produce the same number of carpets.

## Rescued

Despite weak domestic demand, BMK's new owner believes he knows of export opportunities in the U.S. and the Middle East. The company is to introduce some new designs shortly.

Mr Logue describes himself as an entrepreneur. He has rescued other companies, notably his SAP plant handling concern in Stroud which produces machinery, largely for printing equipment.

He took an interest in BMK after seeing an advertisement placed in a newspaper by the Receiver, Deloitte Haskins and Sells.

The major share of the estimated £4m purchase price comes from Mr Logue, and the rest from bank loans and friends and business associates.

The Scottish Office refused to change its original position and give Mr Logue grant aid but the Scottish Development Agency has purchased the plant and is leasing it back to the new owner.

## BL brings back MG badge after two years

John Griffiths reports on the launch of a performance Metro

BL TODAY revives the MG marque, nearly two years after the last "traditional" MG sports car came off the production line at its now-closed Abingdon plant.

The badge goes on yet another version of the Metro—the third to be launched this year—which has a more powerful engine, a revised interior and external embellishments such as wide alloy wheels and rear aerofoil, regarded as the necessary accoutrements for capturing a slice of the expanding small "sports" hatchback market.

BL's prediction about MG sales is based on the fact that it has not had a small performance car since the demise of the Mini Cooper S about 10 years ago and on its belief that former MG enthusiasts will again become purchasers.

Closure of the Abingdon MG plant was strongly opposed by the MG Car Club and the MG Owners Club. The owner's club

per cent of MG sales will be incremental, unlike those of the top-of-the-range Vanden Plas Metro launched in April. It acknowledged last month that four out of five Vanden Plas cars were probably bought as substitutes for other Metro models.

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Closure of the Abingdon MG plant was strongly opposed by the MG Car Club and the MG Owners Club. The owner's club

made an unsuccessful attempt to acquire Abingdon from BL.

Speculation shortly after the closure that the MG badge would find its way on to a BL saloon was met by both organisations in an at best lukewarm response. Austin Rover now appears to have won them over. Both Mr Bill Wallis, chairman of the MG Car Club and Mr Roche Bentley, the owner's club founder, are to take delivery of MG Metros, and Austin Rover quotes both in its launch material praising the car's abilities.

Closure of the Abingdon MG plant was strongly opposed by the MG Car Club and the MG Owners Club. The owner's club

month output was cut at the Longbridge plant, with 500 jobs lost, although Austin Rover said at the time this was mainly due to higher than expected efficiency leading to over-production.

There are no plans to sell the car in the U.S. formerly by far the biggest MG market, which took 80 per cent of output.

The MG Metro has a claimed top speed of 101 mph with 0-60 mph in 10.9 seconds. It is also claimed to be more economical than the standard 1.3 litre car at 75 mph, with just over 39 mpg. It is to retail at £1,795. This compares with £1,995 for the Ford Fiesta 1.3S and £1,510 for the Fiesta XR2, its principal rivals.

The MG's performance is mid-way between that of the two Ford cars. Last

## Metro owners offered standardised insurance

BY JOHN GRIFFITHS

A STANDARDISED insurance scheme under which BL Metro owners would pay the same premium, irrespective of whether they drove the base 1.3 litre City model or the MG sports version, is being

bands and two levels of no-claims bonus.

Savings on premiums derive largely from the associated reduction in administration.

Under the scheme, a driver, aged 30 or more, living in a rural area and with a three years' no-claims bonus would pay £55 for a comprehensive policy.

An 18-year-old with no no-claims bonus, living in central London, would pay £270.

Because the policy applies to any of the Metro range, the insurers do not need to be notified when the owner changes cars, as long as it is to another Metro.

## Midland offers cash/card account

BY WILLIAM HALL, BANKING CORRESPONDENT

MIDLAND BANK has introduced a new type of account which pays interest on deposits and provides round-the-clock access to cash through cash dispensers. The move is intended to capture savings deposits from the building societies and attract the 50 per cent of the UK population without bank accounts.

The new service, known as "Readicash," is aimed at people who prefer to deal in cash rather than use cheques. Customers are issued with a plastic "Readicash" card, which can be used at any of the bank's 540 cash dispensers.

Customers pay as much money as they choose into the account whenever they like. Wages can be paid directly into the account and customers can withdraw any amount up to an agreed weekly limit.

Customers will be paid interest at 1 per cent below the bank's seven-day deposit rate, which works out at a current rate of 9 per cent.

Interest is credited quarterly. Regular bills, such as TV rental and insurance, can be paid through "Readicash," either by standing order or direct debit. Overdraft facilities are not provided.

For the first year the account will be free, but there will then be a charge of £5 per quarter

regardless of how often the account is used. Customers will be able to check the balance in their account via the cash dispenser display screen, and they will get a detailed monthly statement.

Midland says that "even though the use of cheque and plastic payment cards is growing rapidly, there are a lot of people who prefer to deal in cash. We believe a Readicash card with its round-the-clock use will be of benefit to them."

The service is on a six-month trial in six provincial cities—Newcastle, Bristol, Leeds, Liverpool, Middlesbrough and Southampton.

Midland is the first English clearing bank to run such a service, but the Royal Bank of Scotland has been running a similar scheme—the Cashline deposit account—for more than a year. This service developed from the old passbook savings account. It provides customers with instant access to cash, pays between 8 and 10 per cent interest and provides facilities for paying standing orders.

The Royal Bank's Cashline account has proved a success, with nearly a quarter of a million customers using it, and up to £3m a day being dispersed through the bank's cash dispensers.

## Steel sales in sight of upturn, says stockholder

BY MARK WEBSTER

SALES in Britain's steel industry, regarded as a key indicator in the economic cycle, should pick up towards the end of this year, according to Mr Richard Rawlings, director of the National Association of Steel Stockholders.

Mr Rawlings said that although market conditions were still tough, things were "a great deal better than at this time last year" and he showed guarded optimism about the future.

Mr Rawlings said he expected an increase of 5 or 6 per cent in the volume of sales handled by NASS members over the next year and some improvement in profitability.

At the full hearing, Transport will seek an order to force the authorities to register the car as "new" within the meaning of the Road Vehicles (Excise) (Prescribed Particulars) Regulations, 1981.

It will seek as an alternative, an order that the authorities consider documentary evidence to prove newness.

It claims that the word "importer" used in the regulations, means no more than a person who imports, and should not just refer to the sole importer concessionaire.

Transport also contends that, if the regulations do differentiate between one importer and another, they are contrary to Article 30 of the Treaty of Rome, relating to the free movement of goods within the EEC.

The cost of converting a 14-acre unit from light to heavy fuel oil is only about 15 per cent of that of changing to coal, while the reduction in oil costs can still save an early tomato grower over £2,000 per acre on his annual bill.

Nine horticultural units in Jersey are now burning the heavy fuel oil that is being increasingly imported to generate the island's electricity.

Meanwhile, in spite of a reduction of 5p a gallon in the price of light fuel oil in the Channel Islands since March 31, Jersey's Department of Agriculture is continuing to give growers an oil subsidy of 10.7p a gallon to help them to compete on more equal terms with UK and Dutch producers.

In Guernsey, where the Jersey Farmers Union glasshouse committee is preparing a report on fuel alternatives, a results achieved in Guernsey.

Guernsey glasshouse heating costs cut

BY NICK GARNETT, NORTHERN CORRESPONDENT

A COMPANY of independent car importers was granted leave by the High Court yesterday to challenge the refusal of the vehicle licensing authorities to register one of its imports as "new" a Vauxhall Chevette imported from Belgium.

Transport Ltd, based in South London, said the action was part of its campaign to break a manufacturers' pricing cartel which keeps the cost of buying a car in Britain artificially high.

"Britain is the honeypot for car manufacturers," said Mr Peter Thorpe, a Transport director, after a brief preliminary hearing yesterday. "They are making much higher profits in England than in any other EEC member country—to the detriment of the British public. This is not a case for our own benefit.

We are fighting for the right of every individual to buy his car more cheaply."

The case, will test the legality of a refusal by Mr Leslie Peacock, manager of a local vehicle licensing office in South London, to register as "new" a Vauxhall Chevette imported from Belgium.

Mr Anthony Hooper, for Transport, told Mr Justice Stephen Brown that the issue concerned importation into Britain of vehicles either made abroad, or manufactured in England, exported to the Continent and brought back to England—a process known as "parallel importing."

This is designed to undercut the English car manufacturers who, it is well known, sell cars in the domestic market for higher prices than in Europe," he said.

in the use of cheaper heavy fuel oil, which in the past growers in Guernsey and Jersey have been led to believe was not suitable for glasshouse heating.

The cost of converting a 14-acre unit from light to heavy fuel oil is only about 15 per cent of that of changing to coal, while the reduction in oil costs can still save an early tomato grower over £2,000 per acre on his annual bill.

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Guernsey glasshouse heating costs cut

THE OIL consumption of Guernsey's horticultural industry has fallen from 100m litres annually in the mid-1970s to 42m litres last year, according to figures released by the Island's Energy Advisory Panel.

While a big factor in this drop has been the loss of well over 100 acres of glass during the period because of difficult trading conditions, it also reflects the efforts of local growers to use fuel more efficiently and to find alternatives to the light oil generally used for glasshouse heating.

Channel Islands growers began to desert coal for what they then seemed to be the cheaper and more convenient alternative of oil in the mid-1970s. Now

This has stimulated interest

heavy grade of oil, although there is the difficulty for growers that it has to be obtained from the electricity board.

Growers in Jersey, where the Jersey Farmers Union glasshouse committee is preparing a report on fuel alternatives, have been impressed by the results achieved in Guernsey.

Meanwhile, in spite of a reduction of 5p a gallon in the price of light fuel oil in the Channel Islands since March 31, Jersey's Department of Agriculture is continuing to give growers an oil subsidy of 10.7p a gallon to help them to compete on more equal terms with UK and Dutch producers.

Guernsey glasshouse heating costs cut

BY NICK GARNETT, NORTHERN CORRESPONDENT

THREE universities are sharing a special grant totalling £900,000 to strengthen research and teaching in biotechnology. Some of the money will go specifically towards extending links between biotechnology research and industrial application.

The money, from the University Grants Committee, has been awarded to the University of Manchester Institute of Science and Technology (UMIST), University College, London and Birmingham University. Each is receiving £300,000 paid over three years.

Work in applied molecular biology at UMIST includes research into lignin—a component of plants—which is a renewable resource in the production of fuel alcohol and chemical feedstocks. Other projects include the molecular technology of yeasts and moulds, which are important industrial microbes.

At UMIST the money will be used partly to strengthen undergraduate and post-graduate teaching, and the Institute is discussing a programme for a Master of Science course in biotechnology.

ROLL-ROYCE is working on a new version of its successful Viper small turbo-jet engine, designed for new advanced trainer and light combat aircraft.

Sales of earlier versions of the Viper exceed 5,000 engines. The new model will be quieter, with an improved fuel consumption and will have 14 per cent more thrust than the original engine's 4,000 lb.

Designated the Viper 680, it is under development by the company's Bristol division. A full ground and flight test programme is planned to make the engine available for service by 1984.

## Universities get £900,000 for biotechnology research

BY NICK GARNETT, NORTHERN CORRESPONDENT

For some university departments the money represents a relatively small amount in terms of potential needs and the amount already being provided. The biochemistry department at UMIST has received about £350,000 in grants over the past year, some from the Government but a substantial amount from industry.

The money, from the University Grants Committee, has been awarded to the University of Manchester Institute of Science and Technology (UMIST), University College, London and Birmingham University. Each is receiving £300,000 paid over three years.

A recent Royal Society working group report suggested that UK industry would need 1,000 scientists and 5,000 technicians with biotechnology skills over the next decade. A large part of the grant money will go towards expanding teaching, particularly through recruitment and degree courses geared to the projected needs of manufacturing.

The board believes important roles will be played through increased co-operation with both the private sector, in the formation of joint venture companies, and local authorities in the development of the waterways system.

The board is responsible for about 3,220 km of waterways in Great Britain but only 541 km of this total are designated as commercial waterways.

All the commercial waterways, apart from 128 km, are river navigations or a combination of river and artificial cut. In England these waterways run into four main estuaries: the Mersey, the Thames, the Humber, and the Severn.

The board is considering redevelopment along similar lines of other waterways and is talking with relevant local authorities.

On the River Trent Navigation, connecting with the Humber also at Goole, the board would like to increase the payload capacity along the 89 km from Gainsborough to Nottingham to 700 tonnes, from the present 180 tonnes.

On the River Severn it would like the payload capacity over the 48 km between Gloucester and Worcester to be expanded from 350 tonnes to 1,200 tonnes.

In Transport: The Water Way, British Waterways Board, Melbury House, Melbury Terrace, London NW1 £1.50.

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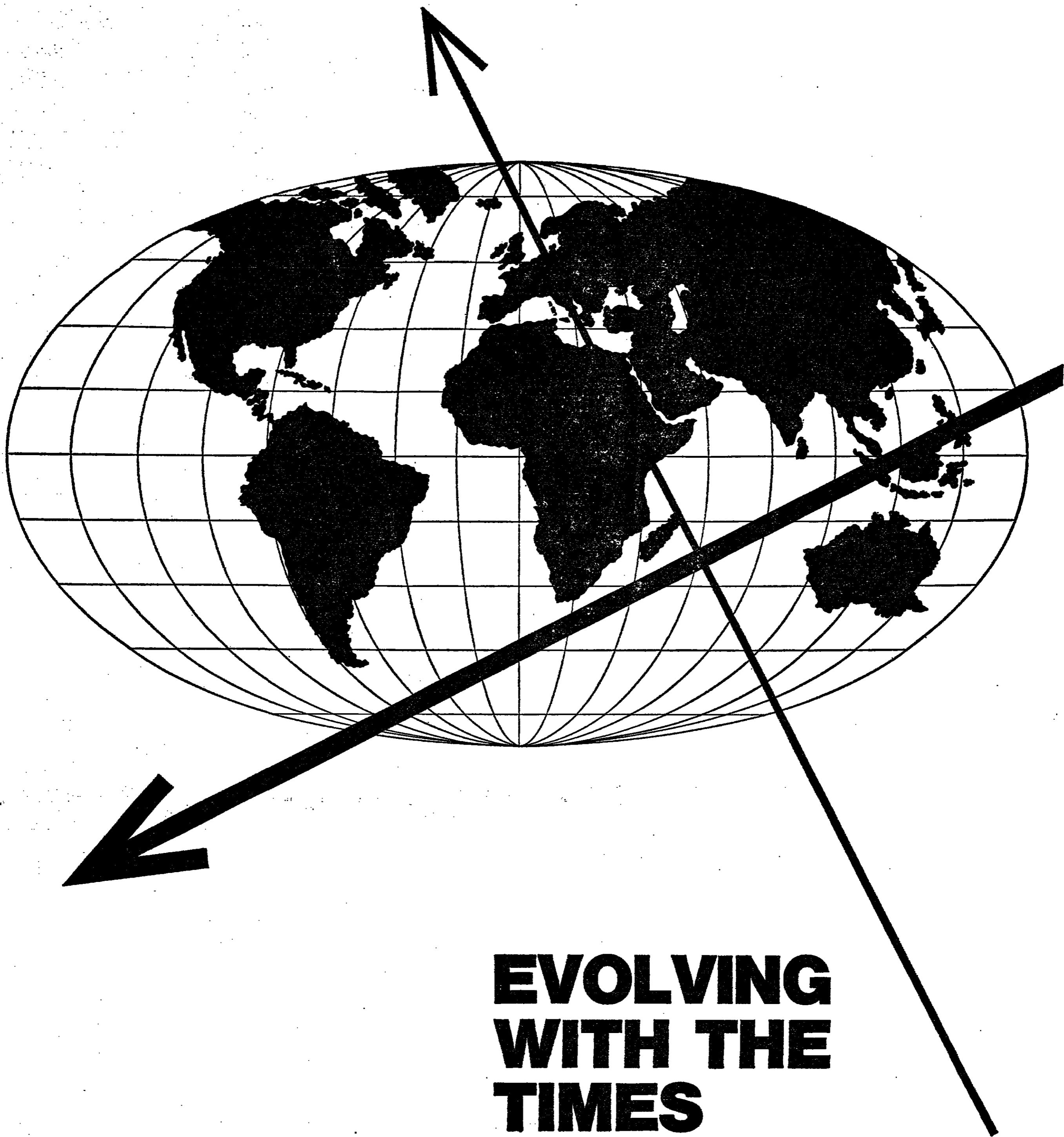
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 116 Billion Italian lire.

**From a service company to a service industry**

## TUC backs directive to protect rights of part-time workers

BY OUR LABOUR STAFF

THE TUC has urged the Government to support the proposed European Community directive on voluntary casual work, giving part-time workers the same rights and protection in employment as full-time workers.

In letters to Mr Norman Tebbit, the Employment Secretary, and Lord Seebach, chairman of the House of Lords Select Committee on the European Communities, the TUC has stressed that part-time workers should not be discriminated against on wages, holiday pay, redundancy and retirement pay, and consultation about work conditions including the introduction of part-time working.

They should also be entitled to equal access on a proportionate basis to sick pay and maternity provisions, says the letter from Mr Len Murray, TUC general secretary.

## Building employers split over pay deals

BY IVO DAWNAY, LABOUR STAFF

SIGNS OF continued divisions within the construction industry employers emerged yesterday with the disclosure that the Federation of Master Builders has offered building workers a pay rise averaging 6.75 per cent.

The offer compares favourably against a 5.3 per cent package presented last week by employers on the Building and Civil Engineering Joint Board—the main pay negotiating body for the industry.

Both offers have been rejected by the unions, and the joint board employers are likely to argue that the comparison is irrelevant. Nevertheless, union negotiators for the 600,000 construction workers are certain to refer to the Master Builders' offer when talks resume at the joint board today.

Under the federation's offer, made in talks with the Transport and General Workers' Union last week, minimum earnings would rise to £92.82 a week for craftsmen and £79.59 for labourers. This compares with joint board offer of rises to £90.67.

## CONTRACTS

### NCB places £41m orders

Contracts with a total estimated value over £41m have been let by the National Coal Board. Fire resistant conveyor belting for conveying coal and materials both underground and on the surface has been ordered for the period May 1 1982 to April 30 1983. Total value is £29.7m and the business has been awarded to TANZIFCO.

AN "INDEFINITE" sit-in by 350 workers at Metal Box's engineering division at Shipley, near Bradford, began yesterday in protest against 20 enforced redundancies.

The decision followed a mass meeting of the 350 hourly-paid workers.

Last month Metal Box said it wanted 50 redundancies because of the continuing world recession—37 in the fitting and electrical areas and 13 from among the 180 office staff.

They have warned both employers' groups that if agreement is not reached by June 28, the anniversary of last year's settlement, all existing agreements will end.

However, both employers' bodies are expected to further improve their offers before the deadline.

The division in the employers' ranks emerged three years ago when the joint board employers—dominated by the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors—declined to allow the Master Builders two seats on their negotiating team.

The Master Builders, which claims to represent up to 300,000 workers in the 600,000-strong industry, countered by forming a new body—the Building and Allied Trades Joint Industrial Council.

social obligations linked to the number of workers employed.

The TUC welcomed the acceptance in the draft directive that part-time work must be voluntary.

Mr Murray has asked Mr Tebbit for an urgent meeting to discuss the directive, which is due to be adopted by the European Council of Ministers of Social Affairs on May 27.

Union leaders are angry over a Humberside town's attempts to sell itself abroad with a "cheap labour" tag. The row is over an advertisement placed by Scunthorpe Borough Council which labels workers in the steel town as some of the poorest in Europe.

The advertisement says: "Abundant, adaptable male and female workers with industrial skills (among Europe's lowest wage rates) means cost efficiency for labour-intensive industries."

### Sit-in at Metal Box engineering

By Our Labour Staff

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## COMPANY NOTICES

### Sparekassen SDS

U.S. \$ 25m.

8½ per cent

capital notes 1982

Holders of the above notes are advised that the annual report and accounts for the year ended 31st December, 1980, of Sparekassen SDS are available at the offices of Manufacturers Hanover Limited, 8 Princes Street, London EC2P 2EN, and at the offices of the other paying agents set out on the note certificate.

A £730,000 contract to build a furniture warehouse on Tyne-side has been awarded to FAIR-CLOUGH BUILDING, north-eastern division. Work has started on the 40-week contract in High Street, Gateshead, for MFI Furniture Centres. It will be completed in two stages to allow MFI to occupy part of the new building in July. The building will replace an existing warehouse on the same site.

In an order worth around £600,000, Thompson Travel is taking delivery of a series of 470V/7B mainframe computer and a 4705 communications processor from AMDARL (UK) Ltd to join two similar machines already installed.

Laserage has reached agreement with MELA, a division of Phillips Electronics and Associated Industries, for the purchase of industrial property rights and assets associated with its 3.5 micron thermal imaging equipment. The consideration is £450,000 and the agreement is effective from May 1.

A £275,000 contract has been won by WILLIAM SAPCOTE & SONS to refurbish and subdivide property in Bagnall Street, Great Bridge, for Crackley, property development subsidiary of Glynn. Eleven self-contained units ranging in size from 1,500 to 11,000 sq ft will result from the project. A 72,000-sq-ft single-storey property is to be modernised and converted to provide eight individual units which will then be offered to let. Work began in February and is expected to be completed by July.

GBC's first export order for optical fibre systems is included in a contract worth \$1.2m (£670,000) received by GEC TELECOMMUNICATIONS from the Ministry of Posts, Telegraphs and Telephones in Tunisia to expand the country's telecommunications network. The order covers the installation of the first 140 Mbit/s optical fibre transmission system in Tunisia. It will provide an important link between Tunis and La Bardo with interfaces for traffic at 2.8 and 34 Mbit/s levels. An expansion of the FDM capacity of the microwave-radio system in the south-western region of the country is included.

National Westminster Bank has placed orders worth nearly £3m for 11 IBM 8100 systems and a substantial number of visual displays, keyboards and printers. The equipment will be installed in the bank's 51 branches in the Epsom area and used to automate many of the customer records maintained manually.

BUCKTON CONTRACTORS has been awarded a contract worth £1.6m by the Lancashire County Council for work on the Ingol district distributor road. The contract covers construction of about 1.15 km of single carriage-way with alterations to an exist-

## CLASSIFIED ADVERTISEMENT RATES

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## Job training treated as a long-term issue

Alan Pike says the Manpower Services Commission report looks beyond present youth unemployment

"THIS REPORT is about providing a permanent bridge between school and work. It is not about youth unemployment."

Introductions to official reports do not always succeed in encapsulating the heart of the matter. But the Manpower Services Commission's task group report on youth training published yesterday does so in its first two sentences.

Youth unemployment undeniably has social and political dimensions which add urgency to the commission's recommendations. The proposals have largely grown out of the negative effects of youth unemployment.

But the report is not merely another programme of temporary, short-term measures for teenagers who cannot find jobs. If adopted, the recommendations will affect young people as decisively as a rise in the school-leaving age—and some supporters would argue, more dramatically.

The view that there should be no distinction in treatment between the employed and unemployed school leaver is central to the task group's thinking.

It therefore proposes that all 16 and 17-year-olds who have

left full-time education should eventually be covered by a year-long programme of training, work experience and further education before beginning work as such.

Entry into the scheme would be voluntary. An employer could still engage a 16 or 17-year-old for a permanent job outside the scheme, and young people could refuse opportunities within it. But the aim has been to devise proposals "so attractive to employers and to young people" that few will wish to remain outside.

In the longer term some form of legislative back-up for the scheme is a possibility, although its introduction does not in itself require changes in the law. The MSC is to undertake an examination of all legislative options.

The proposals need the approval of Mr Norman Tebbit, the Employment Secretary. They differ from the Government's New Training Initiative White Paper, published in December, in wanting the proposed year of training to apply to all school leavers — rather than just the unemployed —

and in other important details. Mr Tebbit has said he is prepared to consider reallocating the resources being made available for the Government's present scheme provided the same objectives — such as the creation of Youth Opportunities Programme allowance — £1,300 per year — maintained at its real value. This would involve an increase to take account of inflation by the time the scheme is launched in September, 1983.

But neither the Government — which proposed allowances of £15 per week — nor the Confederation of British Industry will want to see higher payments than the existing YOP £25.

The report stresses that Britain has one of the industrial world's least-trained workforces. Little more than half Britain's young people get any systematic vocational or educational preparation compared with more than 90 per cent in Germany and more than 80 per cent in France. In recent years Britain's training performance has tended to get worse rather than better because of the decline in apprenticeships.

Under the MSC proposals, both employed and unemployed 16-year-olds — including those entering traditional apprenticeships — would become trainees on the new scheme in 1983-84. So would 17-year-olds who became unemployed during the year in which they left school.

It is expected that the scheme would cater for 460,000 young people in 1983-84, and by 1985 should be available to all 16 and 17-year-olds leaving school for work.

Trainees would be offered a programme combining training, work experience and further education which would include at least 13 weeks off-the-job in

apprenticeships. Young people would initially have the status of trainees rather than employees.

A standard allowance would be paid to all young people in the scheme. This should be the present Youth Opportunities Programme allowance — £1,300 per year — maintained at its real value. This would involve an increase to take account of inflation by the time the scheme is launched in September, 1983.

But neither the Government — which proposed allowances of £15 per week — nor the Confederation of British Industry will want to see higher payments than the existing YOP £25.

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There are, however, some recommendations which the Government is unlikely to accept. Task group members believe young people who refuse to join the scheme should have continued access to supplementary benefits—the Government does not. Ministers will also not welcome the suggestion that it would be inconsistent for the Young Workers Scheme — under which employers receive subsidies of up to £15 per week if they employ school leavers for less than £45 — to continue to operate alongside the new scheme, on the grounds that it does not encourage training for young people.

Beyond these specific details there also remains one vital practical imponderable. Will industry provide the huge number of high-quality training places which are essential to the scheme's success?

## Rail staff worried over Labour's 'drift to left'

BY JOHN LLOYD, LABOUR STAFF

FURTHER UNION hostility to Labour's left-wing is shown in the agenda for next week's conference of the Transport and General Staffs Association, the 70,000-strong union for British Rail's white collar workers.

A motion from the association's Garston and Widnes branch urges Labour's national executive to "proscribe all organisations and groups whose aims are not compatible with membership of the party."

It adds that "with the continued drift of the Labour Party towards extreme left-wing and Marxist policies, it cannot be regarded as an alternative. Government, and such policies will alienate the large support it has drawn from the electorate at past elections."

No fresh talk has been arranged between the City Council and the General and Municipal Workers' Union. Funeral directors are drawing up emergency plans.

The £50,000 cut will mean

reduced overtime from the beginning of July. The men claim it will cut cemetery patrols

exclusively to Labour Party objectives will be in the best interests of our members in the future."

In another controversial motion, the Wimbledon branch urges the union to "use its influence within the Labour Party to reverse the latter's decision to withdraw from the Common Market". This is more than countered by two motions supporting Labour Party and TUC policy for withdrawal.

Militant newspaper of the Labour Party's Militant Tendency has said that the Amalgamated Union of Engineering Workers' national committee vote urging re-introduction of the prescribed list showed that there was "little basis for a witch hunt among the union's rank and file."

The traditionally right-wing union has two motions noting the success of the Social Democratic Party. One calls on the executive to "consider whether the allocation of political funds

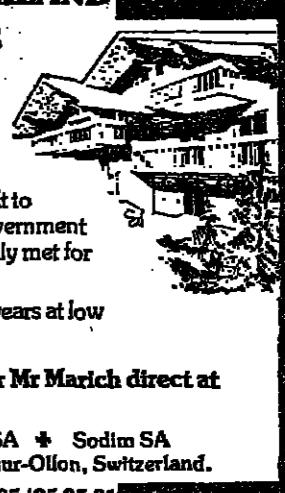
voted 47 to 41, with three abstentions to re-introduce the list."

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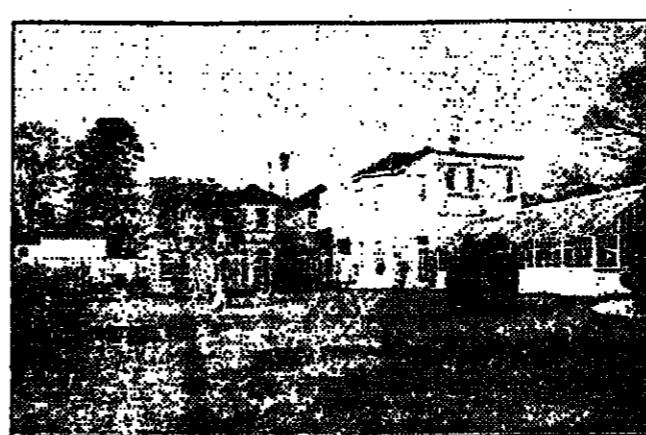
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16th century moated farmhouse with 2 reception, main bedroom suite and 5 further bedrooms, office, range of attractive period farmbuildings, 2 cottages, modern grain complex with total storage capacity of 1500 tonnes.  
Joint Sole Agents: Bidwells, Cambridge. Tel: 0223 841841 and KF & R, London Office: Ref/CF.

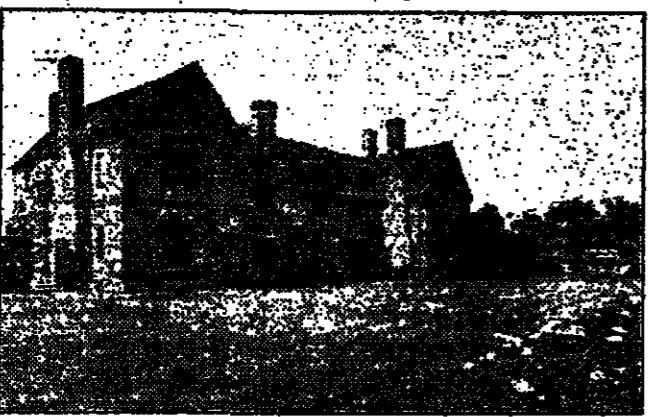
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<b>HAMPSHIRE 775 ACRES</b> Near Romsey An excellent, modern Dairy and Arable Farm. Farmhouse, cottage, 150 cow dairy complex, 3 let cottages, valuable woodland, excellent shooting. As a whole or in 7 lots.
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<b>HAMPSHIRE 122 ACRES</b> Near Stockbridge An area of Water Meadows in the Test Valley. A compact block of summer grazing land, part having produced a heavy crop in recent years and 10 acres of woodland.
As a whole or in 2 lots. Joint Sole Agents: Pink, Damer & Lowry of Winchester. Tel: 0962 3374. And KF & R, London Office: Ref/CF.

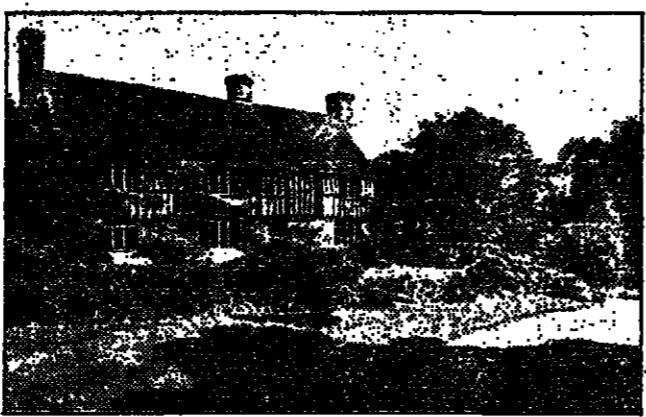
<b>NORTH YORKSHIRE 155 ACRES</b> Between Ripon & Harrogate A most attractive Forestry & Sporting Estate. 155 acres of freehold dedicated woodland. Sporting rights over a further 1157 acres. As a whole or in lots. Boroughbridge Office: Tel: 0901 23171. Ref/JHJ.
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Further land to an overall total of 414 acres can be made available.  
Joint Sole Agents: Simmons & Lawrence, Henley-on-Thames. Tel: 0491 78301 and KF & R, London Office: Ref/CF.



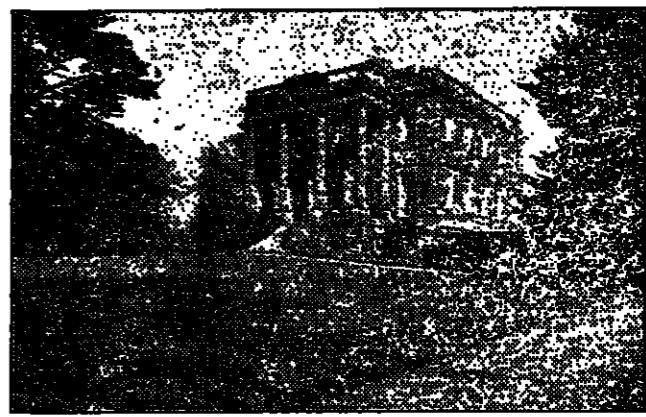
**SUSSEX 135 ACRES**  
Between East Grinstead & Tunbridge Wells  
A magnificent 15th century Country House in lovely countryside.

3 reception, 7 bedrooms, 5 bathrooms, east cottage, outbuildings, heated swimming pool, hard tennis court, pair of cottages, magnificent gardens and grounds.  
London Office: Ref/PR.



**BERWICKSHIRE 1,100 ACRES** Near Kelso  
An outstanding Agricultural Property in the Heart of the Borders Country.

Superb early 18th century house with 3 reception, 6 bedrooms, 3 bathrooms, delightful gardens and grounds, excellent cattle and grain buildings, 6 cottages, over 700 acres of arable land. Pastureland, woodland. As a whole or in 5 lots.  
Edinburgh Office: Tel: 031-225 7105. Ref/HACA.



**NORTHAMPTONSHIRE 616 ACRES**  
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A quite exceptional Residential and Agricultural Estate. A classic late 18th century grade I listed House with 2 halls, 5 reception, 9 bedrooms, 6 bathrooms, nursery flat, 3 flats, garages and stabling, orangery, squash and tennis courts, beautiful gardens and parkland, a mixed dairy and arable farm with farmhouse and 3 cottages. As a whole or in 2 lots.  
Joint Sole Agents: Lane Fox & Partners, Banbury. Tel: 0295 710592 and KF & R, London Office: Ref/CF.

<b>NORTH HEREFORDSHIRE 126 ACRES</b> Lcomber 4 miles A First Class Stock and Arable Farm
Architect-designed farmhouse with 2 reception, 5 bedrooms, bathroom, oil-fired central heating, outbuildings, range of modern farmbuildings, the land all in one block with good access. Auction on 11th June. Hereford Office Tel: 0432 273087 Ref/JAT.

<b>WEST SUSSEX 106 ACRES</b> Near Horsham A fine early 19th century house in an elevated position.
5 reception, main bedroom suite, 5 further bedrooms, 3 further bathrooms, kitchen/breakfast room, garden room, central heating, heated indoor pool & sauna, stabling, garaging, hard tennis court, cottage, pasture and woodland. London Office: Ref/PCT.

<b>INVERNESS-SHIRE 50,000 ACRES</b> Fort William 47 Miles One of Scotland's most famous sporting estates covering 80 square miles with 30 miles of coastline.
Magnificent main and 2 secondary houses, 30 other houses and cottages, renowned deer forest producing 140 stags and 250 hinds, 3 salmon and sea trout rivers, 1,100 acres of woodlands. Joint Sole Agents: Conrad Rithlath & Co., Glasgow. Tel: 041-226 5971 and KF & R, Edinburgh Office: Tel: 031-225 7105. Ref/CBSS.

<b>SUTHERLAND 19,200 ACRES</b> Laig 9 Miles An excellent Farming & Sporting Estate in the Highlands.
Shooting lodge, recently modernised farmhouse, 5 cottages, 3,000 sheep, deer forest averaging 31 stags, grouse moor, loch fishing, outline basis III dedication over 4,800 acres. Edinburgh Office: Tel: 031-225 7105. Ref/CBSS.

<b>NORTH DEVON 380 ACRES</b> Exmoor National Park A productive Stock Rearing and Grazing Farm.
Substantial farmhouse with 2 reception, kitchen/living room, 5 bedrooms, bathroom, modern & traditional buildings, planning permission for further accommodation. Joint Sole Agents: Phillips, Saunders & Stubbs, Barnstaple. Tel: 0271 75784. And KF & R, London Office: Ref/CF.



**DEVON 278 ACRES**  
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A fine Listed Manor House with commanding views.  
5 reception, 7 bedrooms, 4 bathrooms, old kitchen/dining room, listed barn, stables, cottage, gardens and grounds. common grazing rights, shooting rights over an additional 90 acres. The Lordship of the Manor is included.  
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**SOUTH DEVON 66 UP TO 900 ACRES**  
Near Plymouth  
An outstanding Residential Estate.  
Beautiful early Queen Anne house with 5 reception, 3 bedroom suites, 4½ further bedrooms, indoor and outdoor heated swimming pools, tennis court, 2 guest/staff houses, gardens, parkland, lake, 66 acres. Additionally available are 95 acres of woodland, pasture and other lakes, private airstrip with large hangar, a first-class fully-modernised farm with house, dairy and stock buildings and 4 cottages.  
Joint Sole Agents: Stratton & Hollorow of Plymouth. Tel: 0752 666555 and KF & R, London Office: Ref/CF.



**NORTH DEVON 430 ACRES**  
30 Miles Exeter  
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An outstanding Georgian House with period features. Entrance & inner halls, 4 reception, principal suite and 7 further bedrooms, 7 bedroomed secondary house, fully commercial farm with manager's house and 3 bungalows, 2 further cottages and flat.  
London Office: Ref/CF.

<b>CHESHIRE 495 ACRES</b> Near Frodsham, 10 Miles Chester A most attractive Agricultural Investment
Two adjoining farms currently let at £16,830 per annum, and comprising three farmhouses, four cottages and two dairy units. Joint Sole Agents: Denton Clark & Co., of Chester. Tel: 0244 31271 and KF & R, London Office: Ref/PABP.

<b>SOUTH SHROPSHIRE 214 ACRES</b> Church Stretton 5 Miles An excellent Stock and Sheep Farm.
Well modernised 4 bedroomed farmhouse, extensive integral cattle and sheep handling system, including cubicle housing for 76, new field trough system and reservoir. Shrewsbury Office: Tel: 0743 62587. Ref/ML.

<b>WEST SHROPSHIRE 602 ACRES</b> Shrewsbury 15 Miles An Agricultural Investment in 3 Holdings.
1. A dairy and arable farm of 223 acres - rent £5,850. 2. An arable and mixed farm of 220 acres - rent £6,100. 3. An area of mixed arable land of 159 acres - rent £4,300. A total gross rent of £16,250. Shrewsbury Office: Tel: 0743 62587. Ref/ML.

<b>WORCESTERSHIRE 423 ACRES</b> Edge of the Vale of Evesham An outstanding Residential & Agricultural Property
Gentleman's modern residence with 3 reception, 5 bedrooms, 2 bathrooms, solar heated pool and landscaped garden, Georgian farmhouse, pair of cottages, stock rearing and arable buildings, stabling, 3 acre trout lake, duck flighting. Joint Sole Agents: Banks & Silvers of Bromsgrove. Tel: 0527 75234 and KF & R, London, Ref/AM. And Hereford, Tel: 0432 273087. Ref/KGM.

<b>GWENT 152 ACRES</b> Adjoining Newport and the M4 Motorway An attractive Stock and Arable Farm.
Farmhouse with 3 reception, dairy, 5 bedrooms, bathroom, range of traditional buildings. Hereford Office: Tel: 0432 273087. Ref/JAT.



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## TECHNOLOGY

EDITED BY ALAN CANE

## Friedman rides the wheel of Fortune

BY JASON CRISP

GARY FRIEDMAN is back. He was joint founder of Itel, the now notorious U.S. computer leasing company that grew like a rocket before being blown out of the sky in 1979 when IBM launched its 303X and 4300 series of computers.

While the debris from the now bankrupt Itel Corporation has been falling to the ground, Gary Friedman has been building himself a new rocket.

The vehicle this time is a powerful microcomputer that has made even cool Californians sit up. The first deliveries of the microcomputer were made last week, less than two years after he sat down to write his business plan and just one year after the first engineer was hired.

The new company, Fortune Systems, raised an initial \$8.5m last September in what is thought to be the largest venture capital package for a microcomputer start-up.

Last week it raised a second tranche of equity finance of \$10.5m. That together with a \$6m line of credit from the Bank of America gave the company \$25m before one computer reached the shops.

The computer, the 32:16, is a 16-bit "super" micro. Most personal computers currently being sold are based on the markedly less powerful 8-bit processors.

Another Californian company, Convergent Technology, has had considerable success with its 16-bit super microcomputer. The IBM personal computer launched last autumn and the recently launched Olivetti M20 are also based on 16-bit micro-processors.

Fortune has "reverse engineered" the Wang word processor which has the largest share of the market. The keyboard of the Fortune 32:16 is also an exact copy of the Wang wordprocessor.

It means that anyone who has been trained to use a Wang will be immediately able to use the Fortune as it will also behave in exactly the same way. Friedman also claims to have considerably improved the Wang system.

Next year it is estimated that Fortune's sales will exceed \$100m and the most bullish estimates say the company will be able to double in size until 1985. But why should Fortune be so special when there seems to be a new microcomputer coming on to the market every day?

Up to 16 terminals can be run simultaneously, on the 32:16. In practice, says Friedman, up to eight terminals could be used for wordprocessing at one time without affecting the performance.

Fortune currently employs about 140 people in California. It differs from many other microcomputer start-ups in that

the error handling and file protection of UNIX for business use.

Fortune has produced a word-processing software package which looks as if it will be significantly better than that normally available for microcomputers and will compare with a wordprocessor itself.

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it has been staffed by managers and engineers who have had considerable experience in the computer and electronics industry in many of the best-known U.S. companies.

The majority of manufacturing at present is subcontracted with Fortune itself only performing final assembly and test. The latest tranche of finance is to establish manufacturing at its California base with a substantial amount of automatic insertion and testing equipment which is expected to start production later this year.

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Gary Friedman with his 16-bit super micro.

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## Advance of armies and bedsores

DETECTION OF everything from advancing armies to incipient bedsores is the promise of the pyroelectric heat detectors for which the Royal Signals and Radar Establishment and Plessey were jointly awarded a Queen's Award this year.

The Establishment (its proper title is the Li Division-Battlefield Sensors Royal Signals and Radar Establishment, Great Malvern) did the military applications; Plessey Optoelectronics and Micro-wave, the commercial.

The list of products developed using the technology includes burglar alarms, gas pollution monitors, weather satellite radiometers, television cameras which respond to heat rather than light and analytical instruments.

The starting point was a development programme initiated back in 1965 by Dr E. H. Patricy of the Establishment, into the use of pyroelectric materials as heat detectors.

These are substances which develop an electric charge when their temperature is raised; with modern amplification techniques temperature increases as little as a millionth of a degree Centigrade can be detected.

The devices consist basically of the pyroelectric crystals with an optical system to focus the heat on the crystal and an amplifier to process the electrical signal from the detector.

Heat-sensitive cameras are an obvious application—Dr Patricy hopes to combine pyroelectric devices with charged-couple silicon chips to create high-quality imaging systems.

Immediate possibilities are imaging systems to enable firemen to "see" through smoke in burning buildings and scanners to enable hospital staff to detect potential bedsores sites ("hot spots") in their patients.

## Unimation adds Puma to range

UNIMATION HAS added to its range of electrically driven industrial robots a new six-axis Puma machine, the model 760, with a lifting capacity of 10 kg and an extended reach of 1,250 mm. Loads can be placed with a repeatability of 0.1 mm.

## Production

The unit is likely to be of particular interest to the vehicle industry and applications are expected in the arc welding, adhesive bonding and materials handling fields.

Puma 760's long reach means that it can cover the entire length of a car body shell—there will be no need for linear tracking.

In addition, with the company's VAL control system, robot-to-robot communications is possible, as well as the conventional master to slave mode used between each robot and its controller.

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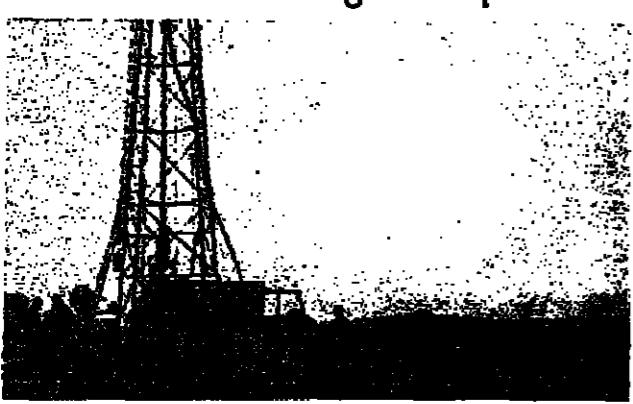
Technical Service, Marketing Department,  
The National Coal Board,  
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John Hunt

Commons Sketch

No escape from the war of the words

FROM TIME to time during World War II the newspapers would discover an ancient cog living in some remote village who was blissfully unaware that Britain was at war with Nazi Germany. It is difficult to imagine such a state of happy ignorance over the Falkland crisis, with every new twist exhaustively analysed on TV hour by hour. Yesterday the war of words reached a crescendo with statements being made to the commons in triplicate – by Mrs Thatcher, Mr Francis Pym, the Foreign Secretary, and by Mr John Nott, Defence Secretary.

The inevitable result was that we seemed to learn even less than on previous occasions.

Mr Nott gave a rundown of military events, telling us nothing that we had not read in our newspapers.

Mr Pym, rather like a trusted family lawyer clearing up an untidy will, gave a rather hazy account of his talks with the UN Secretary-General, and made a passing reference to mediation proposals being put forward by Peru.

He made it clear that his heart was still bent on getting round the table "in a civilized way and discussing this issue as it ought to be discussed."

With so many statements flying about it was intriguing to observe the subtle difference in nuance. As usual Mrs Thatcher took the toughest line with a rather perfunctory expression of regret for any loss of life and a repeated emphasis on the need to minimize the military threat to our task force.

Mr Nott expressed "deep concern" over any casualties, particularly on the Argentine cruiser General Belgrano. This was faithfully echoed by Mr Pym.

Although the unity between the two major parties seemed to be increasingly fragile Conservative back-benchers were vociferous in their support of Government policy.

It was noticeable, however, that there was not much noise from the Liberal wing of the Tory Party.

It would certainly have been interesting to hear an intervention from former Conservative Prime Minister Mr Edward Heath, who sat pensively below the gangway.

Mr Michael Foot, the Labour leader, was in some sharp exchanges with Maggie when he took issue over the "very considerable" amount of force used against the Argentine cruiser and the effect this would have on world opinion.

He came in for some waspish comments from Tory back-benchers over his failure to accept the Prime Minister's offer to join in talks with Mr David Steel, the Liberal leader, and Dr David Owen, of the Social Democrats.

Unrepentant, Mr Foot made it clear that he did not intend to be "gaged in this way."

His words were rather borne out when Mr Steel eventually intervened to ask an audience question seeking assurances that the original aims of Government policy remained unchanged, and offering congratulations on the success of operations so far.

"They've certainly silenced him" jeered Labour left-wingers.

As usual the greatest Tory anger was reserved for Mr Tony Benn, the Labour left-winger.

This time he had them nearly foaming at the mouth as he claimed that the Prime Minister was rejoicing at the loss of life as a result of the cruiser being torpedoed outside the exclusion zone and without war being declared.

There was also plenty of fire for Dame Judith Hart, chairman of the Labour Party, who she called for an immediate truce, and a referral of the dispute to the UN.

Mr William Clark (Con Croydon South), darkly implied that statements from Mr Benn and Dame Judith were being used by the Argentine government to extend hostilities and jeopardise British lives.

Significantly, however, the hostility towards the latest turn of events was not confined to the left-wingers.

Dr John Gilbert, a junior defence Minister in the last Labour Government, suggested that the motive for the sinking of the cruiser had been to "maximise the number of casualties and the psychological shock to the Argentinians."

After one-and-a-half hours of intensive questions Mr Russell Johnston (Lib Inverness) seemed to sum it all up when he said "no essence of the statement was 'no progress'."

There was, however, at least one useful suggestion from a Tory MP which was eagerly taken by Mr Nott.

This was a heartfelt plea that all the retired admirals and generals who have been born to death with their views on TV should chuck it in and remain silent.

It was one thing on which there was complete unanimity.

John Hunt

TASK FORCE 'CLEARLY UNDER POLITICAL CONTROL,' PM SAYS

BY IVOR OWEN

BRITAIN'S naval task force in the South Atlantic was right to take action in its own terms, outside the 200-mile total exclusion zone established around the Falkland Islands, the Prime Minister insisted in the Commons yesterday when she rejected criticism of the sinking of the Argentine cruiser General Belgrano.

To cheers from Government supporters she maintained that, as Argentina had already made clear its aggressive intent through claims to have sunk British ships, the threat posed by the Belgrano and her two escorting frigates could not be ignored.

"If we had left it any later, it would have been too late and I might have had to come to the House with news that some of our ships had been sunk," she stressed.

Mr Michael Foot, the Opposition Leader, underlined the concern of Labour MPs to safeguard the lives of British servicemen, and argued that if more than the minimum use of force needed had been employed against the Belgrano the risks to which they were exposed would be increased.

He also pointed to the danger that the heavy loss of life involved in the sinking of the Belgrano could weaken the international support which had been accorded to Britain since Argentina's aggression against the islands.

In response to persistent and close questioning from Mr Foot, the Prime Minister gave a specific assurance that the operations of the task force are confined by parameters set by the Cabinet.

Explaining the reasons for the task force was and is clearly under political control," she said.

Throughout the exchanges a number of Labour Left-wingers stridently recalled that, unlike Mr Foot, they had never supported the despatch of the task force. They loudly cheered Mr Tony Benn, MP for Bristol SE, when he launched a fierce attack on the Prime Minister.

Emphasising that the Belgrano

had been torpedoed well outside the exclusion zone and without any declaration of war by Britain, Mr Benn contended that an opinion poll published by the Sunday Times showed that the majority of the British people would not be "rejoicing" with the Prime Minister over the loss of life which had occurred.

He urged the Government to take account of the desire for peace in Britain by at once agreeing to a ceasefire and transferring sovereignty and the

right to administer the islands to the UN, pending a settlement under its auspices.

Backed by Government cheers, Mr Francis Pym, the Foreign Secretary, condemned Mr Benn's attack on the Prime Minister as "disgraceful."

As Mr Benn ignored Tory cries of "withdraw" the Foreign Secretary told him: "I think it is utterly wrong to impugn motives of that kind when they are quite clearly untrue."

The anxiety voiced by the Prime Minister for the safety of the British fleet – she spoke of the "worry I live with hourly" that Argentine naval

air units might succeed in sinking British ships – was endorsed by Mr John Nott, the Defence Secretary.

Explaining the reasons for the torpedo attack on the Belgrano, he said the cruiser and its destroyed escorts had comprised a heavily armed surface

attack group which had been closing on elements of Britain's task force which were "only hours away."

Mr Nott confirmed that the cruiser had been armed with 15 six-inch guns with a range of 13 miles, and that this substantial fire power had been supplemented by Seacat anti-aircraft missiles.

With the escorting destroyers equipped with Exocet anti-ship missiles with a range of over 20 miles, the threat was such that the commander of the task force could only ignore it at his peril.

When Mr Healey argued that the action took place nearly two days ago there was no danger of the present position of the task force being disclosed Mr Nott repeated that it would not be prudent to give such information.

"We do not know whether they did so – but, in so doing, they would not have been

engaged," he said.

Under pressure from Mr Denis Healey, Labour's shadow Foreign Secretary, Mr Nott admitted that the attack on the Belgrano took place some 30 to 35 miles outside the total exclusion zone.

But he refused to be drawn into giving any more precise information about the proximity to the British ships which were "only hours away" at the time.

To Government cheers Mr Nott insisted: "I am not prepared to reveal the position of our task force."

When Mr Healey argued that the first shot or that we are responsible for these hostilities is an absolute travesty of the truth," the Defence Secretary declared.

Sir William Clark (Croydon South) accused Mr Benn and Dame Judith Hart of making statements during the crisis which had been used by the Argentine Government as propaganda.

He said: "It is disgraceful that two Privy Councillors could make statements which can be used by the Argentine government which could in fact extend hostilities and jeopardise British lives."

Mr Pym said a number of MPs would agree.

Pressed by Dame Judith, the Labour Party chairman, to secure a truce pending UN talks, Mr Pym said: "There could be a truce. But the Argentines must withdraw and there must be no prejudice to the ultimate outcome of negotiations in the long term."

Mr Pym said the Peruvian moves had been communicated to the Americans, but the Argentines had rejected them.

He added: "I am going to communicate some ideas of my own which may perhaps lead to a basis – I will do everything I can."

Mr Pym said the Government was willing to move towards the evacuation of the islanders, and he referred to the Red Cross as a possible agent in an evacuation. But he added: "It is a difficult thing to arrange."

For the Liberals, Mr Russell Johnston said Mr Pym's statement might be interpreted as "no progress."

Mr Pym replied: "It might seem like no progress and that might be a fair description. Given the intransigence of the Argentines it is hardly surprising negotiations would take some time."

There was uproar in the Lord when the Government was accused by Labour's Lord Jenkins of Putney of committing "mass murder on the high seas" by sinking the Belgrano.

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# Chairman for Low & Bonar

Mr. Dermot de Trafford, currently deputy chairman of LOW AND BONAR, is to take over the chairmanship of the group on June 1 following the retirement of Mr. A. J. M. Miller. Mr. de Trafford was connected with the GHP group of companies from 1983 until 1977 when GHP joined Low and Bonar. He is also deputy chairman of Imperial Continental Gas Association and a director of three Belgian companies, including Petrofina SA.

\* Mr. D. A. Webster and Mr. J. D. Wickling have been appointed directors of LONCONE.

\* Mr. Robin Bann is joining the board of THE ENGLISH ASSOCIATION TRUST as director in charge of banking services. He was an instant director of N. M. Rothschild and Sons.

\* Mr. John Culling has been appointed executive director of public affairs, Europe of MERCK SHARP AND DOHME INTERNATIONAL. He has overall responsibility for government relations and EEC liaison, other half of Europe subsidiary of the parent company, Merck and Co. Incorporated, of Rahway, New Jersey. He will be based in London. Mr. Paul Rana has become director of legal and external affairs of Merck Sharp and Dohme. He was previously manager of legal affairs at Smith Kline and French.

\* Mr. Jerome L. Hanan has been appointed director of THAMES INVESTMENTS AND SECURITIES.

\* Mr. Tom Harrison, a director of the international division of TOZER KEMPSLEY AND MILLBOURN (HOLDINGS) has retired after 25 years with the company. He has been concerned with the financing of international trade and was for 15 years successively managing director and chairman of Tozer Kempsley and Millbourn Limited. He was elected president of the British Importers Confederation last year, is chairman of the Export Finance House Committee, a member of the Export Credit Insurance Comprehensive Guarantees Group and executive council member of the British Export Houses Association.

\* Mr. Geoffrey Roughton has been appointed an executive director of ALLIED INTERNATIONAL DESIGNERS GROUP. He is chairman and co-founder of MAS Survey Research.

\* Mr. Brian Williamson, a director of Gerrard and National, has been appointed managing director of a joint company with InterCommodities which will be known as GNL. The board will consist of the Earl of Elgin and Kintore, chairman, with Mr. M. E. Tilbury, Mr. J. R. Eltington and Mr. C. J. Sharples.

\* HERBIE SMITH AND CO. solicitors, have admitted Mr. R. D. A. Fraser, Mr. C. D. Taverne, Mr. M. H. Carr, Mr. J. K. Part and Mr. J. R. Wood into the partnership.

\* ELSWICK HOPPER has reorganized its cycle interests. There will be an Elswick-Falcon divisional board headed by Mr. C. E. P. Morris as chief executive. Mr. R. J. Blondell has been appointed marketing director.

\* Mr. A. R. Wierhouse has been appointed managing director of CALLENDRIS. He succeeds Mr. A. E. W. Sinda who has retired.

\* Mr. Jack Bryant, deputy director of the TAX PAYERS' SOCIETY, has been appointed director in succession to Mr. E. C. L. Hubert, who will continue his association with the society as deputy chairman of the executive committee.

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Materials Handling	Brewing & Baking	Laboratory Equipment
Office Equipment	Furniture	Leisure & Cleaning
Wood Processing	International Fair	Medical Handling
HONG KONG	Jewellery/Watches	Men's & Boys' Clothing
Electronics	Laundry & Cleaning	Needlecraft
Photographic Equipment	Mining	Packaging
SHIPPING/MARINE	Rubber & Plastic	Plastics/Rubber
INDUSTRIAL	Printing	Textiles
MEXICO	Wood Processing	Welding
FISHING INDUSTRY	Automobiles	Wines & Spirits
CARPET	Electrical Machinery	USSE
COMMUNICATIONS	Textile Machinery	Plastics
AEROSPACE TECHNOLOGY	Telecommunications	Perfume/Gems
AGRICULTURAL EQUIPMENT	Defence Components	Automobiles
AIR CONDITIONING	Hearing Aids	Automobiles

Your market for business

# FT Monthly Survey of Business Opinion

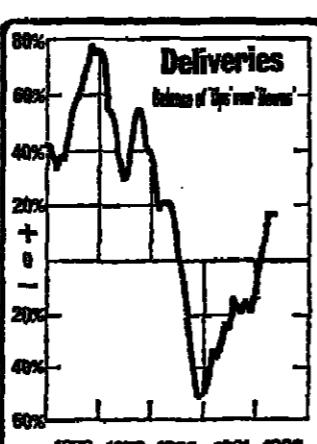
## GENERAL OUTLOOK

### Mixed prospects seen

COMPANIES continued to show cautiously increasing optimism about their prospects, although opinions were mixed between the three different sectors interviewed in April.

Companies in the engineering and the paper and paper-related industries sector tended to be more optimistic than they were when last interviewed, in December. However, in the aftermath of the Budget, companies in the brewers and distillers sector tended to take a more pessimistic view.

Because of the rather more



trend of business confidence as measured by the survey, has continued.

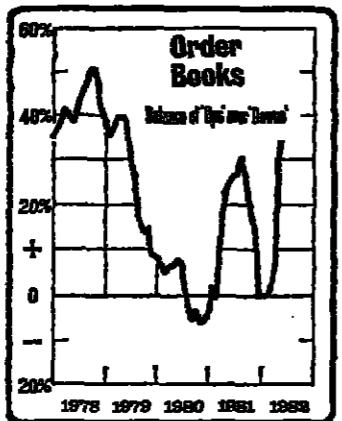
## ORDERS AND OUTPUT

### Improvement in order books

ALTHOUGH the balance which reported an increase in recent deliveries showed no increase, this may have reflected the disruption caused by bad weather and strikes in the winter. The brewing and distilling industries also continue to suffer from lower consumer spending.

On the other hand, all three sectors interviewed were more hopeful that their order books would improve, and the engineering sector tends to take a more positive view of the trend of new orders over the past four months. The other two sectors were less depressed in this respect, so that the index for new orders continued to rise.

There was a cautiously im-



proved view of export prospects, particularly on the index, which does not include the weighting by exports.

Better prospects of world economic activity seem to have been an underlying reason for greater optimism. A significant proportion of those interviewed thought that sterling was relatively favourably-valued against the dollar.

All three sectors interviewed in April tended to expect greater increases in output during the next 12 months than they had expected in December. Substantially more companies were expecting turnover to increase by 5 per cent or more.

## CAPACITY AND STOCKS

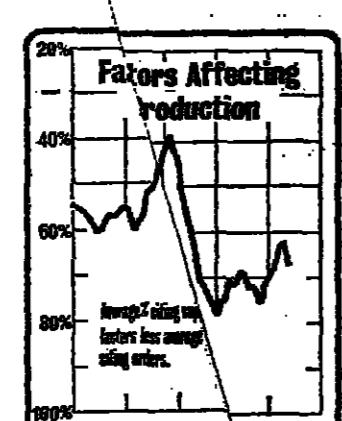
### Balance believes stocks too high

IN SPITE of the signs that the worst of the recession is over, the survey shows that a balance of about a quarter of those interviewed still believes that stock levels are too high.

The substantial reduction in the rate at which stocks were being reduced recorded in official figures for the second half of last year was overshadowed by a fall of the balance of those surveyed who thought stocks were too high.

At about the end of 1980 a balance of about half these surveyed still believed stocks were excessive. This balance fell quite rapidly to 20 per cent by the late spring of 1981.

However, as the rate of destocking slowed down, the



autumn of last year. Since then, the pattern has been somewhat confused, although there is a slight tendency for fewer companies to believe stocks are excessive.

The index measuring the level of stocks in relation to current sales trends has lost some of the ground it gained last month, largely because of a shift in the brewing and distilling sector.

The index for capacity working has shown a further slight improvement, in spite of an increased tendency of the engineering sector to say that it was working at below capacity.

However, this was offset by the more positive responses from the other two sectors interviewed.

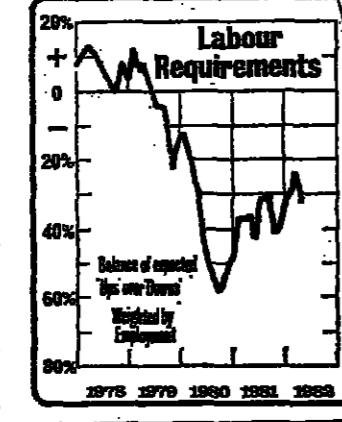
## INVESTMENT AND LABOUR

### Job cuts still expected

IN SPITE of the modest pick-up in demand, the employment outlook remains very poor, with the number of companies planning staff cuts still heavily outweighing those expecting to take on workers.

The paper sector was more inclined to maintain or expand employment than when last surveyed in December, but the other two industry groups broadly took the opposite view, producing a drop in the overall labour requirements index.

Fewer companies are report-



ing high wage cost and doubts about redundancy costs as factors inhibiting recruitment.

The indices for expected capital spending also dropped back. This reflected pessimism about investment spending in the brewing and paper groups, though engineering companies expected an increase in capital investment.

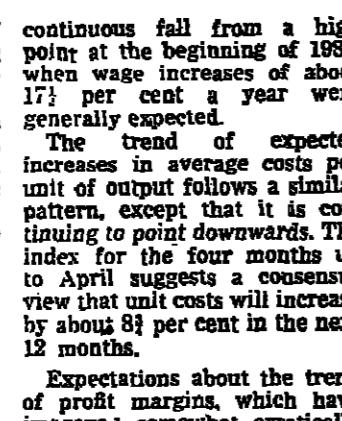
The engineering sector was also inclined to expect an increase in the percentage of capital spending channelled overseas.

## COSTS AND PROFIT MARGINS

### More expect profits to increase

THERE were mixed views of the likely trend of costs among those interviewed in April. The paper and paper-related industries sector tended to expect a greater increase in wages than it had done last December, but the engineering group took the opposite view.

There is, therefore, little



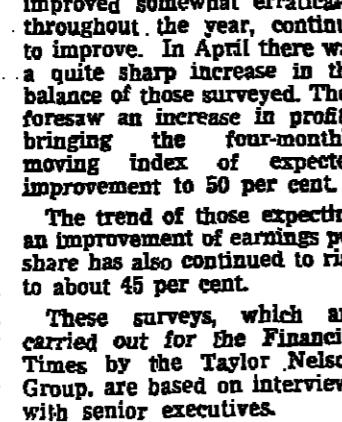
continuous fall from a high point at the beginning of 1980, when wage increases of about 17 per cent a year were generally expected.

The trend of expected increases in average costs per unit of output follows a similar pattern, except that it is continuing to point downwards. The index for the four months up to April suggests a consensus view that unit costs will increase by about 8 per cent in the next 12 months.

Expectations about the trend of profit margins, which have improved somewhat erratically throughout the year, continue to improve. In April there was a quite sharp increase in the balance of those surveyed. They foresaw an increase in profits, bringing the four-monthly moving index of expected improvement to 50 per cent.

The trend of those expecting an improvement of earnings per share has also continued to rise to about 45 per cent.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based on interviews with senior executives.



overall change in the index for the median expected wage increase during the next 12 months. This has remained at between 7 and 8 per cent since last autumn after an almost

## GENERAL BUSINESS SITUATION

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Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total				April 1982			
	Jan-Apr.	Dec-Mar.	Nov-Feb.	Oct-Jan.	Engg. & Brews. (non-elec.)	Packaging & Paper & Distills. Publishing	%	%
More optimistic	49	50	46	34	50	33	49	49
Neutral	31	30	32	44	50	0	51	51
Less optimistic	20	20	22	22	0	67	0	6

## EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	4 monthly moving total				April 1982			
	Jan-Apr.	Dec-Mar.	Nov-Feb.	Oct-Jan.	Engg. & Brews. (non-elec.)	Packaging & Paper & Distills. Publishing	%	%
Higher	81	83	77	72	56	39	67	67
Same	14	6	11	14	39	61	15	15
Lower	5	8	12	11	5	0	17	17
No answer	1	1	0	2	0	0	0	0

## NEW ORDERS

The trend of new orders in the last four months was:	4 monthly moving total				April 1982			
Jan-Apr.	Dec-Mar.	Nov-Feb.	Oct-Jan.	Engg. & Brews. (non-elec.)	Packaging & Paper & Distills. Publishing	%	%	


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## GARDENS TODAY

## Victims of winter's blast

BY ROBIN LANE FOX

MY GARDEN has just stopped looking like a graveyard. The tulips are in their first flush, none finer than that lovely Darwin, Apricot Beauty. The auriculas are flowering as never before, as if to celebrate their cosy life beneath a proper blanket of winter snow. My blood-red anemones, called Pavonia, turn out to be a perfect match for the deep scarlet heads of a huge hybrid tulip, called Dovier. The neglected blue-eyed Mary, or Omphalodes, has made a small sheet of intense blue flowers beneath a mixed border of shrubs. The acid-yellow flowers on the vigorous spurge are running as freely as ever down the face of a sloping bank. It might almost be a usual spring until you stop and realise that most of the garden's backbone is stone dead.

The winter has taught us all lessons. All readers of gardening columns now know how to take their generalities with a healthy pinch of bone-meal. How often have I written of the vigour and profusion of the copper-pink rambling rose, called albertine. I believe I have called this the rose which I would least like to leave out of the garden. The winter, obligingly, put my wish to the test by killing all but two side shoots on a huge old albertine, which I had trained against a west wall. Around the corner lived the climbing form of Cecilia Brunner, that charming China rose, whose tiny shell-pink flowers are a perfect fit for modern button-holes. Known to be less hardy, it survived all previous winters, but is now dead from top to bottom.

This, then, is the spring in which we have all realised how delicate our roses are. Those with China rose parentage have often suffered badly, while the Darwins, Apricot Beauty. The auriculas are flowering as never before, as if to celebrate their cosy life beneath a proper blanket of winter snow. My blood-red anemones, called Pavonia, turn out to be a perfect match for the deep scarlet heads of a huge hybrid tulip, called Dovier. The neglected blue-eyed Mary, or Omphalodes, has made a small sheet of intense blue flowers beneath a mixed border of shrubs. The acid-yellow flowers on the vigorous spurge are running as freely as ever down the face of a sloping bank. It might almost be a usual spring until you stop and realise that most of the garden's backbone is stone dead.

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Climbers, certainly, suffered beyond all usual predictions. This confirms my growing suspicion that in winter, a site against a wall can be the victim of some startling draughts. Old specimens of climbing rose have endured a shock from which many will never recover.

Older bush roses have usually shown new life at six inches above ground level. These survivors should be cut right back to these first signs of young leaves. Your best hybrid teas may well have been overruled for a hard pruning, but I cannot believe that old bushes, 15 years or more, will take kindly to it. We must all fear the worst-bitten bushes very heavily, in order to console them.

Wherever I go, the roses have started in by their weak surrender. Other deaths are sad, but I must report them, as many eccentric shrubs which I still wish to recommend here.

Mahonias have been hit hard, if they have traces of the tender lomatia variety in their parentage. Large bushes of Hope, Charity and other similar children have been destroyed, confirming my own preference for the plain, scented japonica variety, which is quite unscathed.

Clauses took a bad tumble in all but the mildest southern

gardens. The old bushes, I find, have died totally, whereas younger ones pulled through. A young, surviving plant of the cypress, confounding this magnificent variety as the toughest of those with white flowers and a deep contrasting blotch. Up to five feet high, it is still worth space in the middle row of any mixed border.

The less familiar white laurifolius has been quite untroubled, proving its worth as the safest cistus for gardeners on exposed sites. Mine faces north across ten miles of uninterrupted country, so it ought to know. The lovely hibiscus, white-flowered with a brown central zone, has packed up entirely. In a south-facing site, I will try it again, as it grows so quickly and flowers freely when young.

Ceanothuses are a miserable story. Like dying speculations, they flickered once in March to lure back their hopeful owners. Since then, they seem to have died to their lowest roots. Perhaps the tough, dark-blue hybrid, velutianus, may pull through in my village, but half of it is already dead. We should replace the others, of course, as they grow so quickly and ought to escape such abnormal winters for many years. But none survived in gardens which I know, unless they were favoured with shelter or mild Home Counties' warmth. My favourite green-yellow buxleum also died en masse, until I wonder where new stock will ever be found on the market. It, too, had survived all previous winters happily enough.

To my surprise, the small winter-scented evergreen, called saracococa died by the yard, as did that essential grey-leaved senecio, a plant which we all have to replace from young cuttings.

I am delighted to find how much of that dreary white-flowered evergreen, laurustinus, was knocked out, just when its popularity was rising in shops. Its leaves are too drab to be worth the space. Spotted Laurel proved regrettably tougher, but some promising holes have been driven through dreary privet hedges.

Tall semi-evergreen contoneasters were surprising and regrettable victims, deaths which I never expected. Younger plants again fared better than old ones, but I will think twice before giving them my worst northerly aspect. The tougher eleagnus pulled through and, although it is now shedding more leaves than usual, it is only exchanging them, not dropping them for good. Escallonia have been massacred.

Lastly, a word of warning. Do not throw out any shrub which matters to you, until August, at the earliest. From past records, you may well find new shoots from the base in late summer, which will prove that the sap is running faintly. I could not say whether wall-trained fig, for example, was dead or alive, so soon after the event. If they do sprout again, their first stirring may never give you your shrub back again in full glory. But, at worst, you can use the shoots for new cuttings. At best, you can wait another year and see how far your wreck recovers from those past Antarctic gales.

## TELEVISION

## BBC 1

6.45-7.55 Open University (Ultra High Frequency) 6.00 For Schools, Colleges 10.00 You and Me 10.15 AM For Schools, Colleges 12.30 pm News After Noon 1.00 Pebble Mill At One 1.45 Over The Moon 2.01-3.00 For Schools, Colleges 3.15 Series of Praise from Evesham 3.53 Regional News for Eddard (except London) 3.55 Play School 4.20 Scooby Doo, Where Are You? 4.40 Play Away 5.05 John Craven's Newround 5.10 Secrets 6.00 Regional News Magazines 6.25 Nationwide 6.50 Up A Gum Tree with David Bellamy (London and South East Only) 7.20 The Wednesday Film "The Little Art" starring Theodore Bikel 9.00 Party Politics Broadcast by the Conservative Party 9.05 News 9.30 Taxi 9.55 Sportsnight: Snooker, The Embry World Professional Championship: Boxin: Tony Sibson v Jacqui Chinon; Cricket, special feature on Viv Richards 10.50 A Question of Guilt: The sad case surrounding Mary Blay (final part) 11.45-11.50 NewHeadlines.

## Chris Dunkley: Tonight's Choice

You could have a well balanced television diet tonight by choosing one programme from each channel. Amazingly they don't even overlap. BBC 2's World About Us reports on the booming illicit trade in wildlife. With 27m items passing through just one airport (Miami) the scale is clearly vast. Larrois, monkeys, tortoises, crocodile bags and fur coats are constantly in demand.

The last of ITV's series I Remember Nelson deals with the Battle of Trafalgar as seen by one of the Victory's lower deck gunners. It may settle a mystery that has long intrigued me. When we chant "One, Two, Six!" while hauling a boat up a beach or tallying on a rope are we really echoing the orders to Nelson's gun crews: one to prime, two to load, and six to run the gun back out of the port?

Remembering the commercials, that should end just in time for Sportsnight on BBC 1, a consistently high quality programme which tonight features three leading sportsmen: snooker player Steve Davis who has just lost his world professional title; boxer Tony Sibson who defends his European title against a French challenger; and cricketer Viv Richards who is profiled as a new season opens.

## BBC 2

6.40-7.55 am Open University 10.20-10.45 Gharbar 11.00-11.25 Play School 12.30-12.00 pm Open University 1.20 Snooker and Racing 5.10 Hume and Casualty 5.40 Buck Rogers 6.00 Snooker 6.45 The Ascent of Man 7.35 News Summary 11.30-12.15 am Snooker.

## LONDON

9.30 am Schools Programmes 11.54 Dick Tracy Cartoon 12.00 The Munch Bunch 12.10 pm Rainbow 12.30 Play It Again with Diane Keen 1.10 News with Peter Sissons 1.28 Thame News with Michael Wilson 1.30 Crown Court 2.00 After Noon 2.45 The Star Million Dollar Man 3.35 Three Little Pigs 4.15 Sylvester 4.26 Animals In Action 4.45 Sunny Side Up 5.15 The Royal Visit to Castlefield 5.45 News 6.00 Thame News 6.25 Help! 6.35 Crossroads 7.00 Where There's Life 7.30 Coronation Street 8.00 Second with Missie 9.00 Party Political Broadcast by the Conservative Party 9.05 I Remember Nelson 9.20 News 10.50 Mid-week Sports Special introduced by Brian Moore: Speedway from Poole (commentator: Davie Lanning) and Football (first leg of UEFA Cup Final).

12.10 am Superstar Profile: Paul Newman 12.40 am Close: "Sit Up and Listen with Humphrey Littleton" + Indicates programme in black and white

## FT COMMERCIAL LAW REPORTS

## Relitigation of insurance issue permissible

BRAGG v OCEANUS MUTUAL UNDERWRITING ASSOCIATION (BERMUDA) LTD

Court of Appeal (Lord Justice Stephenson, Lord Justice Kerr and Sir David Cairns) April 30 1982

WHERE A party to an action raises issues previously litigated in an earlier action to which he was a party, such issues being common to both actions, he does not abuse the process of the court if his purpose is not to attack the previous decision, and he has already unsuccessfully tried to avoid relitigation by seeking consolidation of the two actions.

The Court of Appeal so held when dismissing appeals by Mr James William Bragg, a representative of Lloyd's underwriter, and C. E. Heath (Marine) Ltd, marine insurance brokers, from Mr Justice Goss's decision giving leave to Oceanus Mutual Underwriting Association (Bermuda) Ltd, a mutual insurance club, to amend their points of defence in a Lloyd's action.

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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LOREN

## Greek pacesetter heads for Europe

Victor Walker on Piraiki-Patraiki's aspirations within the EEC

EVEN in Greece, where a popular saying acknowledges brazen as a marketable alternative to brain, strong men willing to lug 70-kilo rolls of cloth around a warehouse door are becoming hard to find. Which is one of the lesser reasons why Piraiki-Patraiki, Greece's largest textile company, has just invested \$20m on constructing and equipping this country's first fully-integrated high-bay warehouse and distribution centre, where six cranes each 90 feet tall take their orders from flickering electronics eyes linked to a bank of computers.

The warehouse is the latest addition to a growing industrial zone at Variobibi, in the walled northern suburbs of Athens situated between an abandoned golf course and the disused former royal palace of Tatou.

Built by the company's own construction affiliate with technology imported through a Swiss consortium headed by Sprecher and Schuh of Zurich, and equipped with IBM computers, the warehouse is designed to process up to 365 orders a day, mostly for the domestic market, and to handle the paperwork for all Piraiki-Patraiki sales in Greece and abroad.

Total warehouse staff, including delivery crews, is about 100—out of a Piraiki-Patraiki workforce throughout Greece of more than 8,000.

Piraiki-Patraiki takes as much pride in its new warehouse as in the fact that last year it became Greece's first multi-national industrial company, through a DM 17m investment that gave it control of the Van Delden group production facilities in Ochtrup, close to the



Aris Catsambas: his company "is already socialised"

West German border with Holland.

Both moves were motivated by the same conviction: that there is a future for that part of the Greek textile sector that can withstand the inevitable increase in competition in its own backyard, as Greece becomes more closely integrated into the EEC, and at the same time mount a challenge in what Stamos T. Stratos, the company's finance manager, describes as "wealthy and textile-hungry" European markets.

The significant difference between the two investments is that the warehouse was embarked on three years ago, while the West German purchase was completed after the Socialist victory in last October's Greek general elections, by a company with traditionally close links with Conservative politics.

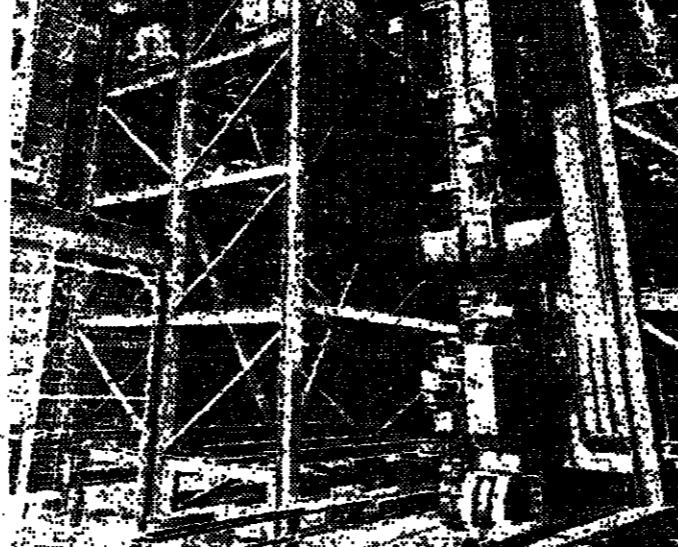
Piraiki-Patraiki may not be the only Greek corporation to believe that the government of Dr Andreas Papandreou will eventually find a mutually profitable modus vivendi with private initiative, and finally stay in the EEC. But not very many have so far backed this belief with a major investment.

The move into West Germany

is also a successful example of co-operation with the National Bank of Greece, which provided the funds through its Paris affiliate, at a time when Greece's largest supplier of industrial credit is facing legal action from one veteran Greek businessman and harsh criticism from others over financing policies held to be damaging to Greece's industrial base.

Stratos says acquisition of the Van Delden group, once the largest textile manufacturer in West Germany, "should be viewed as a move to consolidate our position in Europe after Greece's EEC accession." With Van Delden, he says, Piraiki-Patraiki has joined the top-20 EEC textile firms.

Piraiki-Patraiki made a first attempt to expand into Europe in 1974, but was blocked by the military government then in power in Greece. That left it having to export fabrics primarily to small garment manufacturers, an operation involving frequent shipments of small quantities to hundreds of locations. The need to absorb transportation costs and stay competitive—the bill for sending a lorry full to Germany and bringing it back empty is around Drs 200,000 (£1,807)—put an additional squeeze on profit margins already compressed by Greece's 25 per cent rate of inflation.



Piraiki-Patraiki's \$20m computer-controlled high-bay warehouse is the first of its kind in Greece

The company can now ship semi-finished grey cloth from its weaving units in Greece to be bleached, dyed and printed at the Ochtrup facilities, so bringing them up to full utilisation, and then distribute the finished products in small lots to customers in France, Germany, the Netherlands and Northern Italy.

"We expect an additional export volume for Piraiki-Patraiki of DM 40m a year in grey cloth, while joint marketing should increase sales of Van Delden lines fairly quickly from DM 70m to DM 100m a year," Stratos says.

Established in 1919, Piraiki-Patraiki is now a third generation company in which almost half the voting stock is owned by the founder Stratos and Catsambas' families—the Stratos have always provided the company's politicians "probably because there are more of them," says Aris Catsambas, the managing director. Piraiki-Patraiki is the largest Greek private industry of any kind in terms of employment (above 8,000), investment (approximately Drs 11.4bn—£10.5m in 1981), bank credits (approximately Drs 18.7bn) and exports (last year worth Drs 3.8bn) and claims—"a probable European record"—of 62 years without a strike.

In 1981, Piraiki-Patraiki achieved a sales increase of 35 per cent to Dr 11.4bn, which represented a substantial volume increase after allowing for inflation, while exports rose 50 per cent in value to Dr 3.8bn and accounted for about a third of total sales. More than 90 per cent of the company's exports went to EEC countries.

In Europe, Catsambas says, "we're now thinking in terms of consolidation, though we're always open if something attractive comes on to the market." One investment project that Catsambas says has been "temporarily shelved until we see the way oil prices move" would convert the main Patras plant from oil to coal. Even without the conversion, however, Piraiki-Patraiki has cut its energy consumption per unit of production by more than 12 per cent in the last two years alone, which the company observes, is "well ahead of the State's legislated objectives."

Catsambas believes the survivors in the Greek textile sector will be those companies that can achieve economies of scale through mergers at one end of the spectrum and the small, highly specialised companies with minimal overheads at the other. That's been the pattern inside the EEC for 20 years now, and Greece can hardly expect not to have to go the same way," he says.

Stratos looks to a 25 per cent casualty rate to trim the number of independent units in the Greek industry to 300 over the next seven years, but hopes this will be through mergers and takeovers rather than closures and therefore "without a serious unemployment problem."

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## FOREIGN AFFAIRS

## Falklands: time to be generous

By Ian Davidson



In the end, there will have to be a negotiated outcome acceptable to the interested parties. Otherwise, we will all face unending hostility and insecurity in the south Atlantic. ♦

Alexander Haig, last Friday

SR CALVO Sotelo, the Spanish Prime Minister, has rebuked the British Government for having negotiated "little and badly" over the Falkland Islands in the current crisis. This seems a little unfair, since the Argentines have done no negotiating at all: the furthest they have been prepared to go so far, it seems, is to offer to remove their forces if Britain agrees in advance to hand over sovereignty in advance to hand over sovereignty of the islands within a matter of months.

Nevertheless, there are criticisms which can be directed against the British Government's negotiating stance, primarily on grounds of its secrecy. The normal rule is, of course, to conduct negotiations out of the glare of the lime light, in order not to jeopardise possible success by premature disclosure. But it is not at all clear that the normal rule should apply in circumstances that are, by any standards, abnormal.

In the first place, the absolute rule of secrecy has been repeatedly broken by the dubs and drabs of tantalising hints which have emerged on the British position—some of them mutually contradictory—and the more or less authorised leaks on the American proposals.

In the second place, and more importantly, Britain needs to maximise the support of the international community, and especially that of the other member states of the European Community, and this means that it needs to go much further than would be usual in publicising its negotiating offer to the Argentines.

It certainly will no longer do to stand pat on the simple proposition that the Argentines must first get out of the Falklands and then we can talk. On the one hand, the Haig ideas have, by implication, already taken us into the murky area of discussions on the future; on the other, it is obvious that what we want and need is a political agreement with the Argentines, and that with every step in the military escalation, a political agreement will be either more difficult or less reliable or both.

Even if a purely military victory were possible, by which the task force drove out the Argentine troops at gun point, it would almost inevitably leave us in a position where we should have to maintain a sub-

stantial and open-ended capability for defending the islands indefinitely. Since that cannot be the objective of British policy, we must recognise that a purely military victory would be the second worst possible outcome—the worst being a purely military defeat.

For the same reason, it must surely be a mistake to follow the advice of those who would have the UK take the dispute to the International Court of Justice in the Hague. Since Britain needs a political agreement with Argentina, the second worst possible outcome would be a legal judgment that Britain has sovereignty in the Falklands—the worst being a judgment that sovereignty belongs to the Argentine—because it would make it politically much harder in Britain for the Government to negotiate any settlement which would satisfy the Argentines.

De Henry Kissinger's oft-repeated maxim for the conduct

of negotiations is that the negotiator should move as fast as possible from a tough opening position to the kind of compromise offer that an objective arbitrator might consider reasonably fair to both parties, and thus likely to be more durable than a patently one-sided deal. De Kissinger has been extremely discreet about how such a maxim might be applied to this particular crisis, but it seems evident that it would mean an open acknowledgement by the British Government that the future sovereignty over the Falkland Islands is open to negotiation.

Implicitly, of course, the question of sovereignty has been on the table for well over a decade, or at least under the table, and an explicit offer to negotiate about sovereignty would change nothing in reality.

Too much has been made of Argentine assertions, regularly reiterated since the invasion, that sovereignty is not negotiable

table; in the last resort this may mean no more than that they stick to the legal validity of their claim. They would, wouldn't they? The problem is not how to force the Argentines to make a public recantation of their claim, nor on the other hand to save the Junta's face, but to create conditions for a negotiation in which both sides can have reasonable expectations that their interests will receive due weight.

So in addition to recognising publicly that sovereignty is negotiable, the British Government needs to be much more explicit—and above all more consistent—about the role that would be played by the islanders in any such negotiation.

If the UK is basing its position on the principle of self-determination, then the Argentines have little incentive for embarking on a negotiation which can, once more, be vetoed by the islanders. On the other hand, Britain can hardly

contemplate a negotiating framework in which the islanders' wishes are largely if not entirely ignored. A middle position would seem to require a method of canvassing opinion on the islands—and that means in the absence of all troops—an absolute veto.

The public exposition of a magnanimous British negotiating offer, might be tricky to sell to the Conservative Party, and might enrage the vociferous Falkland Islands pressure group. But if the Government exposes itself to the charge that it is putting too much weight on its legal rights and on its entitlement to use military force under article 51 of the United Nations Charter, and too little on the search for a negotiable settlement, it may find its international support withering away, and be increasingly reduced to the purely military options which cannot by themselves produce a political settlement, and may quite likely make such a settlement more difficult.

And in any case, magnanimity may be easier to sell to the House of Commons after a string of military successes. The first significant military setback would make it much more difficult.

Of course, the Argentine Government may remain unmoved by any amount of British magnanimity short of total capitulation to their takeover of the islands. Unless the British Government is prepared to contemplate such capitulation, it must be prepared to go on using military force to get the Argentines out of the islands. But unless it is also prepared to offer a negotiating framework which is both reasonable and generous, it may not be able to persuade the Argentines that they have a better option than their present course of intransigence.

The mechanism for such a negotiation is an important but essentially secondary issue: joint meetings of the foreign ministers of Britain, the Argentine and the U.S. arbitration by the UN Secretary General, you name it. The important thing is for Britain to be seen to be unmistakably clear on what is negotiable (the future of the islands) and what is not (the presence of the Argentine forces).

BRITAIN IS ruled by its upper class. If it is doing badly, then that is primarily the fault of the upper class. If it is to do better, then something must be done about the relationship between the classes.

No, I am not about to add, "therefore we need a revolution." It is just that this trio of propositions emerges fairly strongly from a new book, "British Society Since 1945," published as part of the Pelican series on the history of Britain.

The author, Arthur Marwick, is Dean of Arts and Professor of History at the Open University (a post that the upper class would not regard with unmilitated awe).

Professor Marwick's approach is not Marxist, but rather the pastiche to be expected from a practitioner of the curious sort-of-discipline called "social history."

Never mind. He produces some useful nuggets, the most thought-provoking of which are those concerning the upper class. We even have a definition, taken from a letter written by Sir Ian Fraser in the 1930s, which is, "that reservoir of persons economically free and accustomed to responsibility from an early age."

These people, says Professor Marwick, "as a matter of objective fact, turn out to exercise a dominance in the spheres of power authority, wealth and income totally disproportionate to their numbers." What is more, "they have a distinctive culture and life-style of their own."

He goes on to estimate that this class constitutes about 2 per cent of the post-war population. It is a nice round figure that smells suspiciously like what American academics call "a swag"—or "scientific wild-assed guess."

This hardly matters. There is plenty of statistical evidence, in the dozen issues of *Social Trends* published since 1970, and in reports such as that of the Royal Commission on the Distribution of Income and Wealth, to support the contention that the top of our social pyramid is very narrow indeed.

What Professor Marwick does

is to argue that a common culture, a common way of looking at problems, unites most members of our upper class, including most new entrants, more than differences of party or policy divide them. If this is so, then Britain's remarkable progress towards affluence in the years to 1972, as well as its relative fall-away thereafter in recent years, has taken place under the guidance of Professor Marwick's upper class. The working class, many of whom have never aspired towards upward mobility, is weaker than at any time since 1945, as the TUC leaders well know.

It is arguable that a common culture, a common way of looking at problems, unites most members of our upper class, including most new entrants, more than differences of party or policy divide them. If this is so, then Britain's remarkable progress towards affluence in the years to 1972, as well as its relative fall-away thereafter in recent years, has taken place under the guidance of Professor Marwick's upper class. The working class, many of whom have never aspired towards upward mobility, is weaker than at any time since 1945, as the TUC leaders well know.

New entrants to the upper class, able to refresh it and change its ideas, must therefore, short of revolution, come mostly from the bubbling middle. They are. Although Professor Marwick quotes copious statistics showing that the children of upper-class parents have privileged access to all desirable jobs, he also notes the evidence today of "greater mobility than ever previously into this upper class; and of members of this class taking jobs which formerly would not have been regarded as appropriate to their social status."

I am not sure that this solves the problem. My upper class friends often deny that there are classes, or class barriers in Britain; my outsider's eye is constantly spotting both the barriers and the damage to everyday working relationships caused by them. It may be true that nearly 40 years after the war Britain is beginning to loosen up the class logjam that has probably been more responsible for debilitating its economic progress than any other factor. But from here and subject to correction in the Pelican Social History of Britain 1980-2000, it looks as if there is still a great deal more loosening-up to be done.

Allen Lane, £12.50

## Class in Britain

## The persistence of the ruling elite

By Joe Rogaly

from industry, commerce, government, and the highest professions. He is not concerned with the traditional image of a brainless ruling class, commenting that "it is an absurd error to think of the upper class as stupid or indolent."

None of this would be particularly significant in most other countries, for all societies have their elites. In France there is possibly more formality and more stress on the dignity of status than in Britain. Americans have a clear class structure, although they hide it well. "Yet," says Professor Marwick, "the forms of class are, historically, more deeply entrenched in British society; they were not seriously challenged in the 40s, when they might have been, and were only slightly modified in the 60s. In the end, formality and authority

in Britain, a boss behaves as he does because he belongs to . . . a particular social background."

in other industrialised societies are related to function: a boss behaves like a boss because he is a boss. In Britain a boss behaves as he does because he belongs to or has been socialised into a particular social background."

As for the British worker, the "pride, tradition and class awareness" developed over nearly two centuries, have "brought him to a position where he wages a constant, but usually very mild, cold war against his employer on the factory floor itself."

What is special to Britain, in short, is the amazing persistence of its particular elite. This book starts in 1945, following a war during which it was thought that, at the very least, the barriers to mobility between classes had broken down. It suggests that in the first post-war decade the upper class was more or less insulated from austerity. The same class ruled during the period of consensus that began to disintegrate after

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BARCLAYS

Letters to the Editor

## The Falklands: attractions of a UN trusteeship

From Mr S. Picciotto

Sir,—You have rightly drawn attention to the possible relevance of trusteeship status in resolving the question of sovereignty over the Falkland/Malvinas Islands. One would have thought that this solution would certainly have strong attractions in view of the emphasis that trusteeship places on the well-being of the inhabitants and the observance of their wishes in deciding the eventual status of the territory.

It may be of course that the conflict is concerned less with the wishes of the inhabitants than the possible geopolitical/strategic significance of the islands (including South Georgia). In this connection those involved will have noted that the first of the objectives of trusteeship listed in Article 76 of the UN charter is "to promote international peace and to maintain international security."

They will also know, however, that UN practice after 1945 differed from that of the League, which did not allow mandates.

## Soviet industrial output

From Mr G. Spiridonov

Sir,—Your Moscow correspondent (April 26) presents a one-sided view of my country's economic situation.

Soviet industrial output met its targets for the first quarter of this year, showing a 2.9 per cent increase in daily output for the period, including a 3.7 per cent increase for March.

By our standards, however, it is a moderate growth rate. This was planned due to a shift in our mining and energy industries to relatively more labour-consuming and costly deposits, the continuing construction of long-term projects and the agricultural problems resulting from successive years of bad weather.

In our planning for 1982 these factors were taken into account and that is why the proposed growth rates for this year are lower than for other years in the current five-year plan. Future rates will be boosted by the new capacities being brought into operation.

This is not to say that we are complacent. There is room for improvement and those responsible for our shortcomings have been made aware of the improvements expected. That is, however, no justification for alarmist headlines such as "Acute concern over fall in Soviet economic growth." I am sure than many other countries

The design was by Mies van der Rohe

From Mr P. Carter

Sir,—Having worked with Mies van der Rohe while he was designing the Mansion House Square scheme, I can say that the answer to the caption headline "Was the design by Mies van der Rohe?" (Letters April 30) is yes.

Peter Carter, 1, Fleet Lane, EC4.

## Company share purchases

From the Chairman, Colt International

Sir,—The Companies Act 1981 gave companies far-sighted power to purchase their own shares, but changes in taxation were needed to make this of practical use. The Finance Bill includes such changes, but is so nakedly aimed as to inhibit many, if not most, transactions. Mr Ralph Instone (April 7) referred to the most glaring restriction, i.e. that the purchase must benefit the company's trade, but there are other aspects of the Bill which demand amendment, particularly as regards "associates" and the qualifying period of five years. The rules make the protection afforded by the Bill so limited and uncertain as to be almost worthless.

The protection, such as it is, is directed solely to private companies where it could certainly do most good. Private company status, I am convinced, great virtues, but it also has some weaknesses, two of which the Companies Act went to remedy. One is in older companies, where control spreads by inheritance to persons remote from and uninterested in the company, save as a milch cow. The working shareholders would often buy these shares and bring control back where it belongs, but lack the capital. Using the company's resources would overcome the problem. The other weakness is mainly in new, small enterprises, whose importance the Government rightly emphasises. The entrepreneur lacks capital, but is reluctant to issue shares to outsiders. The investor has the equity. The deadlock could often be overcome if the company had an option to buy out the investor.

At the same time, a start could be made on abandoning the anomaly of the non-voting share. These would have to remain for the shareholders who were not themselves members of Colt's, but for member-shareholders there could be no justification for such a restriction.

A. O'Hea, Colt International, Hawes, Hampshire, NW11.

Every one of the firms of accountants on the Lloyd's

## Tootal beats forecast with £14.9m

BETTER THAN expected profits are reported by Tootal, the textiles, clothing and thread group, for the year ended January 31 1982. Pre-tax profits are up from £7.25m to £14.95m which compares with a forecast of £12m.

The directors say that the profits increase—achieved from sales of £151.94m (£377.09m)—did not stem from any recovery in demand but almost entirely from rationalisation and improvements in efficiency.

The profit was struck after interest up from £12.07m to £15.71m. Providing for tax and extraordinary charges up from £9.12m to £26.26m there is an attributable loss of £20.57m (£6.65m).

The dividend is unchanged at 2.25p, with a final of 1.25p.

The directors state that during the year decisions were taken to close all businesses for which no profitable future could reasonably be foreseen. Provision has also been made for all further anticipated reorganisation expenses.

They state that material progress has been made in turning round loss makers where potential markets justified the effort needed and all business is now capable of making an adequate return, given reasonable trading conditions.

The directors say it is impossible to be confident of improvement in world trading conditions in the current year. Nevertheless "earnings will be substantially up on those for

extraordinary items charged in 1981/82 include around £10m of write-offs, losses of just over £5m from businesses sold or

closed, a £6m loss from the U.S. Ups 'N' Downs operation, now sold, and around £6.5m still to be spent on rationalisation.

Mr Alan Wagstaff, chairman, says Tootal has now come to the end of its rationalisation programme. The UK workforce has been cut from 12,500 to just under 10,000 over the year. There were around 600 redundancies still to take effect as a result of the Strines Printers closure, but any future reductions "will be on a very small scale," he said.

But Mr Wagstaff reveals that there could be some hope for the Strines workers as a management buy out was under negotiation. Financial support is being sought and the buyers

were interested in the whole business which comprises the printworks near Stockport employing around 450, and the Manchester marketing operations with some 150 workers.

Strines made a trading loss of some £2m last year and with the exception of 1977/78 has never made a profit. The group hopes that the sale will raise around £1m. Tootal expects a net cash inflow in the current year totalling £5m from the sale of stocks and assets of discontinued businesses.

The directors report that the group's thread operations have sufficient flexibility to cope with any increased demand and are progressing towards becoming an international business. Benefits of modernisation and rationalisation in the Philippines should also help.

In textiles, the group has withdrawn from the more unprofitable markets and is now more specialised. Clothing

where almost 1,500 jobs went significant scope for improvement in the U.S. threads business, which accounts for around half of Tootal's entire thread capacity.

The directors point out that movements in exchange rates between the beginning and the end of the year increased the sterling equivalent of sales by the group's overseas operations to outside customers by £21m and pre-tax profits by £1.6m.

For the same reasons revenue of these companies attributable to the group increased by £12.2m and net borrowings by £5.5m.

Shareholders' funds at the year end were down from £125.5m to £112.5m. Borrowings rose from £53.1m to £63.5m. The directors say there will be a material reduction in borrowings when the sale of the group's interest in Bradmill Industries of Australia is completed.

See Lex

some £150,000 to over £1m.

The chairman reports that the trading profit contributed from "Construction in Europe" showed a significant increase. An underlying improvement was achieved by French Kier Construction, while negotiated settlements of a number of long outstanding contractual issues within the subsidiaries had a beneficial effect on the results. Aggregate turnover was some 4 per cent lower than in 1980.

Profits of "Construction overseas" was lower than in 1980, although turnover rose significantly. No profit contribution was taken on new work commenced during the year and results were also affected by the incidence of contract completions.

The chairman says that an increase in turnover of "Products and services" came mainly from increased business by Simplex Filing. That company's contribution to profit both from its

operations in the UK and overseas showed a material increase.

On the group's outlook the chairman says, "I believe that it would be imprudent to make our dispositions for the immediate future on an expectation of a significant upturn in the current economic climate."

Accordingly, he says, the group's UK order book has been maintained, and while additional overseas business has been secured, this has been achieved by pursuing a philosophy of marketing the group's speciality skills in new territories, says Mr Mott.

As regards the outcome of the group's trading for 1982 the chairman confines himself to saying that this is likely to be satisfactory to shareholders.

After providing for tax of £3.56m (£2.4m), minorities, and extraordinary credits of £1.64m (£2.4m)—mainly release of deferred tax—the profit available for distribution comes through at £9.28m (£11.15m).

### Comment

French Kier's shares bounced up 115p yesterday to a new record of 115p. The company continued to perform well against a recessionary background, pushing into new territories like Fiji, Papua, New Guinea and the Philippines. The group's order book was at £300m at the end of March, compared to £150m a year earlier; FK says the new contracts are split evenly between UK and overseas work.

Reflecting this surge in orders, bank balances fattened during the year to nearly £24m from £13m a year earlier. Despite the same, the company still getting its money, Maben blames the weather for much of the interim sluggishness. Ordering was up to the mark but the company could not deliver because of the snow. Sales could have been £11m the company says. But undoubtedly Maben is feeling the strains of recession as well. It's not alone in that but Maben, more than most, needs a bit of image building. Still, it is hoping for better things from the second half while the acquisition of Cold Shield and capital restructuring should, technically anyway, allow a final dividend. The shares fell 2p to 22p yesterday.

Markheath sees £1.8m in current year

The directors of Markheath Securities, the property development concern which obtained a quote on the Unlisted Securities Market last August and which is hoping for a full Stock Exchange listing, are predicting profits of not less than £1.8m for 1982 before tax and extraordinary items.

The company returned profits of £1.34m for 1981, which compared with a prospectus forecast of not less than £1.25m and £1.08m the previous year.

In his annual statement for 1981 Mr Paul Brooff, the chairman, says it is considered in the longer term interests of the group to create a portfolio of properties held for investment to complement its trading activities. It is envisaged that the portfolio will initially be established by the retention of suitable developments.

## Maben Grp declines to £0.8m

A SETBACK in pre-tax profits from £933,000 to £801,000 has been shown by Maben Group, furniture maker, for the six months to February 28, 1982. Sales were down from £17.79m to £15.2m.

The directors say that a number of new product ranges which have been successfully promoted are contributing to the maintenance of a satisfactory level of trading.

The payment of an interim £25.1m rights issue midway through the year was ahead of the historic deficit in reserves (£nil). The last payment was a final of 0.85p in 1979.

Earnings per share were given as 1.7p (1.5p).

French Kier reveals that there could be some hope for the Strines workers as a management buy out was under negotiation. Financial support is being sought and the buyers

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# Benefits of change

*In his statement to shareholders, Sir Anthony Tuke said:*

"Multinationals have been subjected to a great deal of criticism over the past few years, much of it ideological in origin and much of it ill-informed. It is, however, right that corporations should review their responsibilities and make certain that their policies are correct and in tune with current thinking. It is not enough for international companies to shelter behind the laws of the country in which they invest; their responsibilities go beyond that. No government would, however, accept a foreign investor who deliberately stated his intention of flouting the laws of the land and the OECD guidelines for multinational corporations specifically enjoin those corporations to obey the laws of the countries where they operate."

If a corporation finds local conditions and attitudes unacceptable it has the option of refraining from investing in that country as it would do if the fiscal and financial climate were not sufficiently attractive. Withdrawing from an existing operation is much more difficult and may achieve little as local investors could take it over, maybe with less internationally acceptable standards and policies.

Any foreign investor has a clear responsibility to its employees and their families and, in the case of a mining company, to the local community, especially the indigenous population. The question both we as investors and the people who will be affected by a new operation must ask is, whether the benefits of a major investment outweigh the disadvantages change may bring.

We do believe that the advantages overwhelmingly outweigh the disadvantages as we see the rising standards of living in the areas where we operate. These are evidenced by the high quality of housing, education, health and medical care, training and opportunity for advancement, as well as benefits to the wider community, especially in third world countries, of new sources of revenue and foreign exchange, together with educational and training opportunities from the independent foundations that have been established locally from the profits earned.

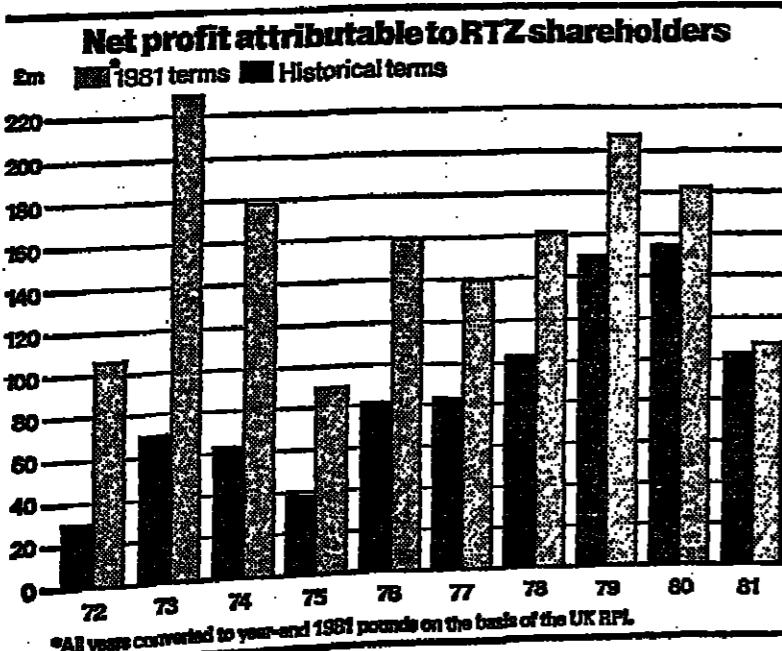


Growing vegetables in the back garden is one of the new skills taught by the Rössing Foundation to families in Namibia.

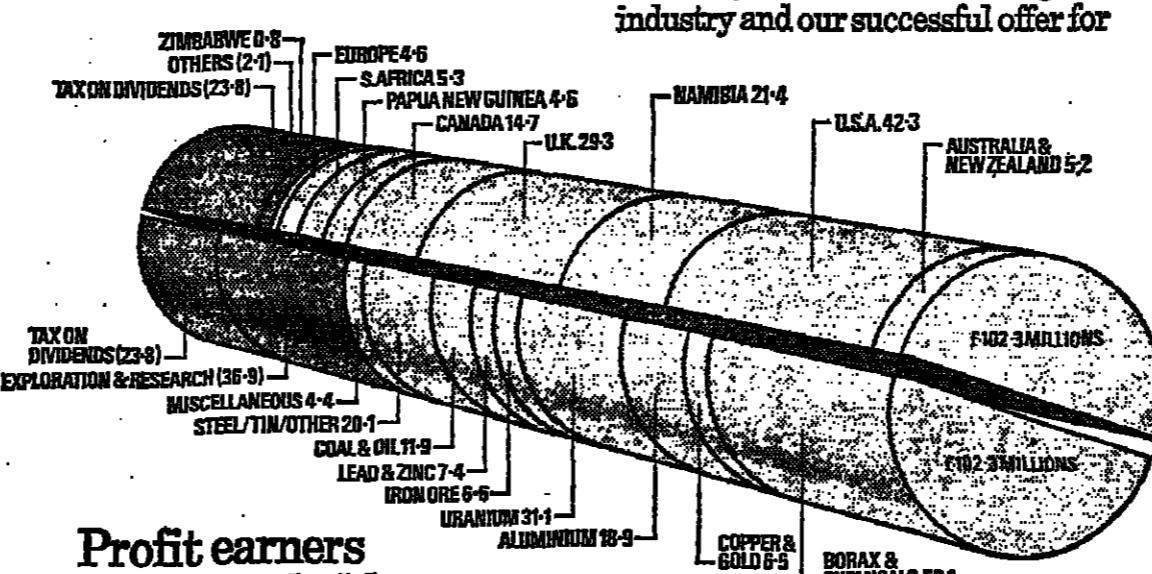


The highest standards of medical care are provided at group activities, particularly in less developed areas.

Educational opportunities at all levels for employees, their families and the wider community are an integral part of our operations.



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The Rio Tinto-Zinc Corporation PLC

**RTZ**

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Fact sheets on various aspects of the corporation's activities will be available from 3rd June.

*Anthony Tuke*  
Chairman

## Australianisation

Some three years ago we agreed that the majority Australian ownership in CRA should be achieved over a period through the reduction of our interest to 49 per cent. This change in our shareholding will take place in the context of sound commercial development and investment and at that level our investment will have expanded in dollar terms. The authorities in Australia have been helpful and we are not under any pressure. We anticipate that during the next few years the RTZ interest will fall to 49 per cent but we do not expect any material change in the profits available to shareholders from Australia.

## Ward and Tunnel

One of the reasons for the 1980 rights issue was to enable the corporation to expand its activities in this country. The cement industry is in some ways similar to the mining industry and our successful offer for

Ward brought with it control of Tunnel: the subsequent bid for Tunnel at an agreed price has become unconditional. The management of RTZ regard the bringing together of these two important companies as a priority during the next few months.

## Future Outlook

In some respects the economic forecasts of early 1982 are similar to those made a year ago but there is reason to believe last year's dismal pattern will not be repeated. Past experience suggests that prices would be unlikely to remain as weak for an extended period even if demand were to stagnate throughout the year. Hence any modest revival of final demand, or any improvement in business confidence, should fairly swiftly affect metal markets and the RTZ Group's low cost mines would benefit accordingly."



Job in it

## ● IAN RODGER ON THE LOGIC OF GLYNWED'S BID FOR DUCTILE

## Men of steel prepare for UK upturn

Mr Leslie Fletcher, chairman of Glynwed, expects that the second half of last year was "the start of the renaissance of British industry."

This optimistic forecast, contained in the steel, engineering and building products group's annual report, published yesterday, goes some way to explaining its agreed £20.6m shares and cash bid for Ductile Steel.

Glynwed's own dramatic profit recovery in the second half of last year was largely due to a substantial improvement in the contribution from the group's steel and steel stockholding activities in the UK, Mr Fletcher says.

Despite the deep recession in the steel business in 1980 and the early part of 1981, Glynwed's trading profits from steel and engineering finished the year up 9 per cent to £5.3m. And Mr Fletcher believes the UK steel market has a good future.

"We are trying to strengthen profits in those areas where we

do well. And one of those areas is steel."

Ductile, too, has been quick to recover. The rerolling and stockholding group reported its first loss in 40 years in the year to June, 1981, of £2.17m before tax. But in the first half of the current year, it made a profit of £2.06m.

This recovery suggests that the two groups are among the most efficient producers in the private sector of the UK steel industry. Together, they would also be one of the largest.

Mr Fletcher sees these factors as important in the context of current efforts to reduce surplus in the cold rolled narrow strip sector. An independent review commissioned by the Department of Industry in January is due to be completed shortly and is expected to recommend considerable capacity reductions.

Ductile agreed to the Glynwed proposal very quickly—the approach we made only a week ago—partly because of what it saw as the fairness of the terms

and partly because it was in an uncomfortable position.

Last year, Caparo built up a 20 per cent interest in Ductile and, at one point in November, Ductile feared that a bid might be on the way and so called a brief halt to share dealing.

Mr R. Sidaway, chairman of Ductile, said the group had no complaints about Caparo "but when you are sitting with a shareholder who has 20 per cent plus, it definitely does make life difficult, especially when we considered making acquisitions ourselves."

Although Mr Sidaway told shareholders last November that he thought the group's future would be best as an independent company, he said yesterday that the enlarged group would have greater purchasing power, more resources to fund capital projects and greater strength abroad.

"But the most important factor was that we are employed by shareholders and it is our job to do the best job we can for them."

## Molins warns on first half

Market conditions have visibly worsened for Langston, the corrugated board division at Molins, Sir Harry Moore, chairman, told members at the AGM. He expects group first half pre-tax profits will be reduced as a result.

He added that some orders have been cancelled and that the timing of customers' re-equipment plans has been seriously affected which will inevitably affect first half results.

The group is engaged in the making of machinery for the tobacco industry and of corrugated board machinery.

However, in view of an improvement in prospects for tobacco machinery business, the directors will hope to report an improvement in the full year taxable profit.

## MAXIMS

Max is has been re-registered as a private company. The board considered increasing the nominal value of allotted share capital in order to qualify as a public limited company but decided there would be no obvious benefit to the company's progress. Consequently, application has been made for listing to be cancelled with effect from Monday June 26.

## ALBERT FISHER

A recent rights issue by Albert Fisher has been accepted in respect of 1.85m shares, or 25 per cent.

## RESULTS AND ACCOUNTS IN BRIEF

**HANGER INVESTMENTS** (motor dealer)—Results for 1981 reported April 16. Shareholders' funds £1.37m (£1.05m); current assets £13.86m (£11.26m); current liabilities £10.86m (£8.86m). Decided to reduce investment in commercial vehicles and concentrate on the Corby and Newcastle upon Tyne centres, with facilities commensurate with the anticipated market for foreseeable future. Another successful year forecast for the London side; chairman said there was a growth sector with good prospects. Meeting, Birmingham, June 10.

**RECKITT & COLMAN** (food, wine, household and toiletry, pharmaceutical, medical and beauty products)—Results for the year to January 31, 1982. Shareholders' funds £21.12m (£20.06m). Fixed assets £170.05m (£160.82m); net current assets £108.1m (£103.97m), including bank loans and overdrafts £10.2m (£10.2m). Decrease in net current assets £7.9m (£8.2m). Meeting, Connaught Rooms, WC, May 20, 11 am.

**BRENNER** (general warehousemen)—Year to January 31, 1982. Turnover £3.03m (£2.31m); pre-tax loss £18.00m (£16.700). Net £5.00m (£22.000 credit); profit £245.900 (£54.986). Including interest received £129.864 (£161.238). Tax £51.357 (£22.575). Earnings per share 5.8p (5.6p). CCA premium 2.25p (2.25p). Turnover for the year to January 31, 1981, £2.95m. Net current assets £1.07m (£1.07m) and secured bank overdrafts £1.08m (£1.07m) and secured bank loans £561.292 (£645.000); increase in net liquid funds £24.372 (£243.972 decrease). Ultimate holding company reported March 12. Shareholders' funds £30.738; fixed assets £1.95m (£1.92m); current assets £2.05m (£2.05m); including secured bank overdrafts £1.08m (£1.07m) and secured bank loans £561.292 (£645.000); increase in net liquid funds £24.372 (£243.972 decrease). Ultimate holding company reported March 12. 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# Well-poised to achieve profitable expansion

The Statement by the Chairman, Mr. P.G. Walker

I am pleased to report that expansion of our activities and continued development of our existing operations led to a production of record results, in some cases by record increases. There have been notable funds in the total new premium income, annual premium plus single premium received £100 million for the first time and this led to total premium income received in the year of £275 million, an increase of 10 million, the highest annual increase in our history. Early in the year the total group funds passed £1 billion and at 31st December 1981 stood at £1.675 billion.

In 1981 we saw some external factors affecting certain sectors of the market in which we operate. The deepest recession had an adverse effect on the volume of group pension business, particularly in the latter part of the year, and the reduction in the demand for top-up mortgages resulted in lower conventional business for the office. On the other hand, the growth of the market for individual pension plan directors, executives and the self-employed enabled our business to expand further in these sectors. Annuity sales were also buoyant in the year.

The year proved to be an outstanding one for the development of unit-linked life assurance business, written by Sun Life Unit Assurance and the unit-linked individual pensions and group managed business underwritten by Sun Life Pensions Management. The sales of individual unit-linked and pensions business were particularly notable as they increased by approximately four times that of the previous year's business with total new annual and single premium income in excess of £100 million. Successes were achieved both through broker sales as the main Sun Life branch network, more fully involved and through the rapidly expanding direct sales force.

There was an exceptional new business performance achieved in 1981 but it is pleasing to record that the results of the actuarial valuations have strengthened our confidence that the unit-linked operation will provide a very significant proportion of the profits to shareholders in due course. The group-managed fund business in 1981 produced gross profits of £500,000 reflecting benefits of economies of scale as the portfolio grows. Also, the broker side of the individual unit-linked business now provides a profit contribution. The offsetting factor in 1981 was the expected financing costs of the direct sales operation, the financing of which is only so heavy because of its highly successful development. At the present rate of progress, I anticipate that this operation will be building up into a profit stream sooner than was originally envisaged.

The results of the annual valuation of the Society's long-term business fund were again very satisfactory. We were able to declare record levels of bonuses for all classes of profit business, reflecting the continued excellent performance of our equity and property investments. A particular feature this year was the special bonus allotted to our old series of with profit policies so that maturity and unit values for earlier generations of policyholders are enhanced. A record amount of £62.9 million was allocated to meet the cost of our policyholders' bonuses and £6.1 million was allocated to the profit unit account, the latter figure being 36% up on 1980.

The Directors have declared a final dividend of 6.5p per share in the light of the results of the annual valuations. This, together with the interim dividend, makes a total of 11.0p per share for the year 1981. The previous year was the first one for which the final dividend was declared after the annual valuations were known and, therefore, in the year as a transitional arrangement two interim payments of 3.75p per share and a final payment of 4.5p per share fell to be made. The total of 11.0p per share for 1981 can be compared with one interim payment and the final payment for 1980, totalling 8.25p per share, an increase of 33%. Your company's dividend growth over the past ten years has been some 10% p.a. compound and for the past five years 30% p.a. compound, an outstanding performance in the financial or any other sector of the stock market and well above the rate of inflation.

## Innovation in Life Assurance

The changes we are seeing in our market due to economic, legislative, technological and competitive pressures make it essential for an organisation such as ours to have an ever-widening range of technical skills to give expert advice to our customers on such matters as tax planning, mortgage finance or pensions provision and to design and produce new products which meet market needs. We believe that over the last few years we have given ample evidence of our ability to react speedily and have gained a reputation of being one of the leading innovators in specialised contracts in the life assurance industry.

Our position as one of the major pensions offices has been enhanced by the exceptional versatility now offered by our individual pensions contracts. These not only provide for switching the investment medium between conventional with profits and unit-linked funds but they also offer a wide range of loan facilities to meet a variety of differing circumstances. In January 1982, after a comprehensive market research carried out for us by the University of Lancaster, we launched Money Builder which is a money purchase pension scheme designed to appeal to the smaller company where the employer is concerned to know the costs in advance, an aspect which is likely to be particularly important until we move out of the recession.

In May last year we launched our Inflation Protected Term Assurance which for the first time gives a policyholder the ability to keep his life assurance protection fully in line with inflation. We now offer non-smokers specially reduced premiums for this policy and for other classes of term assurance, in recognition of the overwhelming evidence that mortality rates are lower for non-smokers than smokers.

We continue to co-operate with a number of building societies and banks in running mortgage or investment schemes to our mutual advantage. A recent link-up of particular interest is that with GTE Management, a major international investment fund group, where we are providing the policies and the administration for single premium plans linked to investments in certain GTE unit trusts funds.

In all developments we ensure that the repute of the office of the company is presented and maintained. We have introduced new company-style literature and all companies in the Group are now coming together under the 'Sun Life' logo. An important part of the image-building process is the involvement in sponsorship and charitable activities. The highlight of our programme for the past year has been our assistance to the Amateur Swimming Association. This has seen the inauguration of an Adult Learn to Swim scheme operating nationwide, the introduction into the U.K. of Masters Swimming through the Sun Life Masters Championships and the sponsorship of various international events. Sun Life has continued its support for a variety of other sports and arts events and in addition makes charitable contributions to medical, social and educational organisations.

## The selling of Life Assurance

Sun Life, in common with other members of the Life Offices' Association, is fully committed to the principle of maintaining high ethical standards whether method of selling is employed.

As I indicated last year, we are continuing to develop new methods of selling which complement the support that we receive from independent intermediaries all over the United Kingdom. Selling direct to the public through the press or by mail shot often in conjunction with insurance brokers, has continued and is appreciated by those members of the public who prefer to make their decisions on life assurance and related matters without the personal involvement of a salesman. The policies sold in this way are generally the more straightforward ones where the literature or advertisement is easily understood.

Many modern life assurance products however, are fairly complex and the public can benefit by having expert advice from a qualified intermediary or a member of our specialist sales forces. The codes of practice of life assurance selling and recent changes to the Life Offices' Association Commissions Agreement assist in raising further the quality of advice the public receives, whilst also making it clear in what capacity the person giving the advice is acting, i.e. as an independent intermediary or as a representative of a particular life assurance company.

We welcome the steps that are being taken to enhance the reputation of our industry and in particular are giving active encouragement to the registration of insurance brokers under the Insurance Brokers (Registration) Act 1977 by allowing such brokers, as from 1st January this year, to receive full initial commission on receipt of the first premium. A regrettable feature of the past year has been that a number of offices have left the Life Offices' Association because they could not subscribe to the Commissions Agreement which lays down the maximum scale of commissions payable to independent intermediaries. Business which the intermediaries place with non-member offices must give rise to the suspicion that the level of commission is the principal factor which influences their choice of office.

We have always aimed at providing the best possible quality of service to our customers. Innovative office systems assisted by developments in computer technology and by the importance which we place on training our staff, have enabled us to improve our standards very significantly. We are encouraged by independent research showing how well our service compares with that of our competitors. Nevertheless it is impossible to ensure in any large organisation that every case is dealt with as efficiently as one might wish and some certainly not complacent.

We have always had confidence in our ability to handle the relatively few customer complaints we receive in a sympathetic and constructive manner. Nevertheless we have watched with interest the progress of the two industry-wide schemes started last year to deal with insurance complaints. We now intend to join one of these schemes, run by The Insurance Ombudsman Bureau, assuming that it proves practicable to modify the scheme to make it appropriate to deal with life assurance problems. We hope that in the overall interests of policyholders it will be possible in time for all the insurance industry to subscribe to one scheme.

## Pensions and other Legislation

During 1981 the Occupational Pensions Board published their report on 'Improved Protection for the Occupied Pension Rights and Expectations of Early Leavers'. The report demonstrated the inflation on early leavers and recommended that extra resources should be provided to adverse effects. It seems a pity that the Board's terms of reference were limited to early leavers. It might affect all beneficiaries, particularly pensioners and widows. It would have been helpful if it had been asked to consider, particularly at a time when resources may be limited, how those resources should be divided among different classes of claimants. There does not seem to be any immediate effect of legislative changes arising from the Board's report but we are always willing to discuss with pension scheme clients who can provide additional resources, the actions they can take to protect beneficiaries from the effects of inflation.

Many of the employers who have entrusted their occupational pension schemes to the Society elected in 1978 to contract out of the earnings-related State scheme set up under the Social Security Act 1975. The great measure of consensus between the main political parties at that time ensured that the terms of the 1975 Act worked in harmony with occupational schemes to provide a partnership with the State. These terms are due to be reviewed at regular intervals and the first review

## SUMMARY OF RESULTS

	1981 £m	1980 £m
Premium Income	267.5	214.5
Investment Income	145.6	125.7
Society's Surplus	69.0	50.8

subsequent budget has had the effect of deferring this improvement and the general level of share prices reacted accordingly after two periods of strength during 1981. As to sectors, the poorest performance over the year was in oil shares, which had been amongst the better areas in 1980, the recent weakness in oil price does, of course, provide the seeds of an eventual upturn in demand, though it does now have an adverse effect on the flow of money into the Exchequer, and hence on the public Sector Borrowing Requirement.

Fortunately, the latter will seem to be under better control than for several years, thus releasing more savings money for the private sector. A total of £1.8 billion was raised by way of rights issues in 1981 and we would expect a larger figure to result in the current year. We continue to support companies raising funds by this method through our acceptance of the vast majority of invitations to underwrite the issues.

The Society's main life fund invested £15 million in the ordinary shares of U.S. companies during the year under review. This was a lower sum than in previous years, due in part to a greater emphasis given to overseas investment mentioned in my statement last year. Some £18 million was invested by the same fund in securities of foreign companies, principally in the United States again. The disappointing performance of stock prices on Wall Street has been offset to some extent by the weakness of sterling against the dollar. Whilst there is still concern over interest rates and the depth and length of the recession, we are confident that the establishment of a strategic commitment to securities of U.S. companies will be of benefit to our portfolio in the years ahead.

We have adopted a similar attitude to the Japanese market. In Tokyo, particularly strong stock market was brought to a halt by the sharp rise in U.S. interest rates in the summer and the resulting predictions for major world economies. In fact, the Japanese economy gathered its first decline for nearly seven years in Gross National Product for the fourth quarter of 1981. Nevertheless, we expect that the declining oil price and some recent currency weakness, combined with a modest public works programme, should limit the adverse influences on many companies.

The trends to which I drew attention 12 months ago in the mortgage market continued in 1981. Competition intensified between Banks and Building Societies as the demand for top-up finance for house purchase virtually disappeared. Taking into account money lent on commercial properties, the net amount we lent over the year was £1.4 billion, well down from £1.6 billion lent in 1980. In order to derive further new business from this market, however, we arranged to borrow sums from the wholesale banking market in order to lend at variable rates of interest by way of first mortgages repaid via life assurance policies. This has proved to be a successful development and by the end of the year some £7 million had been advanced under this scheme. We have extended the concept recently in order to provide a variable rate alternative for commercial mortgages.

The substantial property investment and development programme continued through 1981 when a record total of £57 million was invested by the Group. The largest single acquisition was Associated Suburban Properties, a privately owned company, whose principal asset is a freehold shop and office building in Oxford Street and Hanover Square, London. Several minor properties owned by the Company have been sold since the purchase. The office scheme at Bournemouth was completed and let during the year and work on the Cardiff, Liverpool and Southend office projects was well advanced at the year end. In addition, new office developments at Bromley, Twickenham and Knightsbridge were commenced during 1981. We also expect to commence further schemes in London's West End and Haywards Heath in the Spring of 1982.

A shopping scheme at Crawley was completed during the year and a development in Central Liverpool is due for completion in the Spring of 1982. We have also agreed to join with Grosvenor Estate Commercial Developments in the development of the 300,000 sq. ft. Grafton Shopping Centre at Cambridge, which includes a new Debenhams store.

Industrial and warehouse buildings have been completed at Aylesford and East Grinstead and the first tenants are in occupation. In addition, work has commenced on a large industrial estate we have acquired in West London where the first units have also taken possession. Apart from these large-scale industrial developments, we are undertaking the development of a limited number of nursery units for new small businesses.

The recent harsh economic climate is reflected in the easing of demand for premises with the resultant falling off of rental growth in many parts of the United Kingdom. This situation emphasises the importance of careful selection of property investments and the need for constant portfolio examination and reassessment. We have a first class team of surveyors, highly experienced in the development and management of office, commercial and industrial properties. Our portfolio is now valued at over £400 million and we remain confident that continued investment with a dynamic and selective approach by our property team will go a long way to ensuring that with profit policyholders receive the maximum possible overall return from our invested assets.

During the year the Society joined with three large industrial companies and a bank to form a new company, Worldwide Venture Limited. Each partner has provided 20% of the initial capital and the aim is to help the regeneration of British industry by facilitating the formation and growth of new business enterprises, particularly those which can be based on new technology and located in regions of high unemployment.

## General

For some time we have been considering ways in which our employees could be encouraged to become shareholders in the Society and in which senior executives, including full-time directors, could be provided with incentives linked to growth and profitability. Your Board has now decided to recommend to you no schemes which it considers suitable and their adoption will be proposed at an Extraordinary General Meeting of the Society to be held immediately after the Annual General Meeting on 26th May next.

We welcome the establishment of a new agency, PRO NED, to help companies who wish to appoint non-executive directors to find suitable candidates. Whilst there has been a substantial increase in non-executive directorships in the past few years, many company boards still have no non-executive members and there are very few indeed. We hope that PRO NED will also be able to encourage recognition of the contribution which non-executives can make to company boards.

I would like to acknowledge the support received over the past year from my fellow directors. We are fortunate in being able to draw on the wide experience of my non-executive colleagues from industry, City institutions and the professions, whilst in the five full-time executive directors we have an excellent senior management team led by the Managing Director, Richard Zamboni. The end of 1981 brought the retirement of Mr. G.A. Howell, the Administrative Services Executive, who contributed so much to the smooth transfer of our administrative headquarters and many staff to Bristol, and to the Society's acceptance into the business life of that City. We wish him well. More recently we have appointed Mr. M.J. Turner, previously Pensions Actuary, to a newly created post of Deputy General Manager (Pensions), in recognition of his contribution to the development of our growing pensions portfolio.

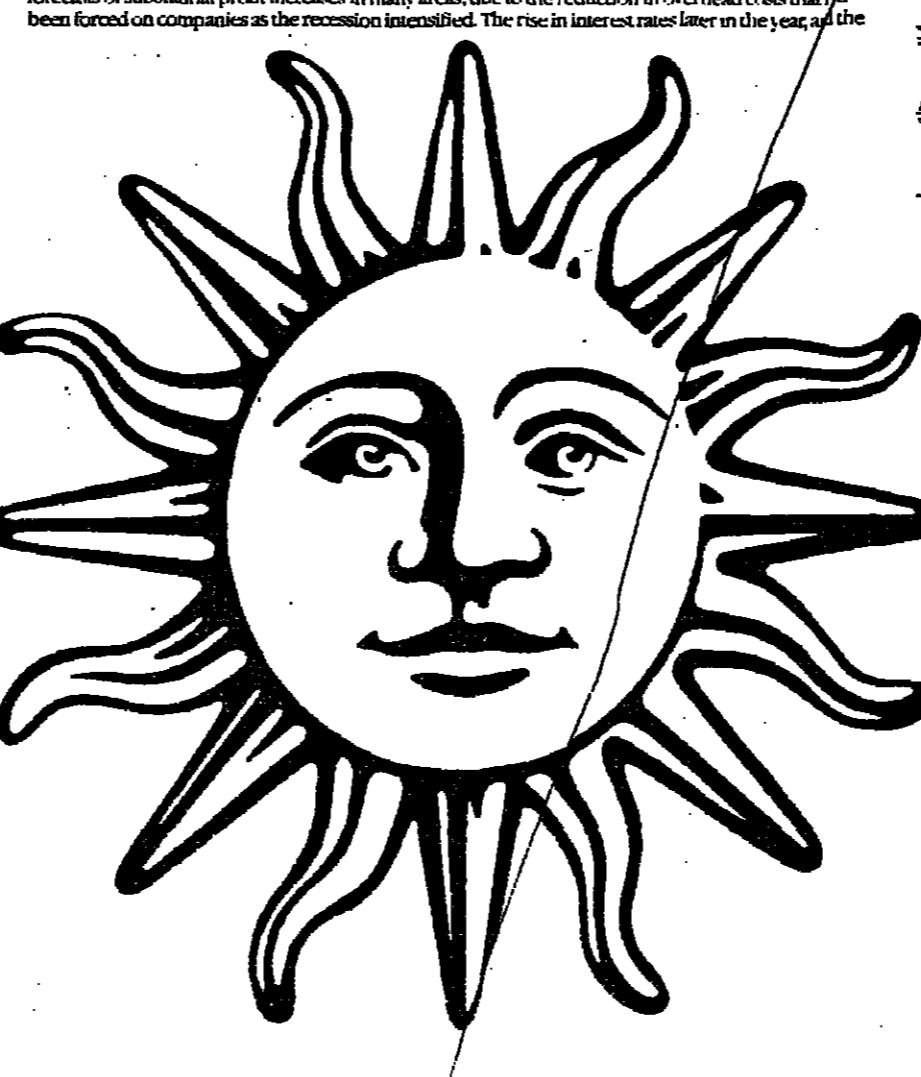
In this coming June I shall be giving up my remaining executive responsibilities on reaching age 70 and I have been pleased to accept your Board's request to continue thereafter as Chairman in a non-executive capacity. Last, but not least, I would like to acknowledge the enthusiastic and loyal support of our management and staff at all levels. We have a very substantial build-up of expertise throughout our organisation, first class equipment facilities, financial reserves and a highly respected name in the market. Thus we are well poised to achieve considerable profitable expansion in the 1980s.

Please send me a copy of the 1981 Annual Report.

To: Sun Life Assurance Society plc, Freeport, Sun Life Court, St James Barton, Bristol BS1 3YX.

Name \_\_\_\_\_

Address \_\_\_\_\_







## Wankie Colliery Company Limited

(Incorporated in Zimbabwe)

REVIEW BY THE CHAIRMAN SIR KEITH ACUTT, K.B.E.

The Report and Accounts cover the six months to 28th February, 1982 as the financial year end has been changed to the last day of February each year.

### Price increase

The last meeting of members was held on 30th November, 1981. I was then able to report fully on the affairs of the Company to that date. An application to Government for an increase in prices which was made at that time was granted but it only came into effect on 21st December, 1981, so that the financial results for the period reflect a little over two months of trading at the new prices.

The new statutory wage scale was applied from 1st January, 1982 and this has increased the cost of production. The colliery is staffed and equipped to produce a greater tonnage than is at present required by demand or transport available and the costs per tonne are thus inflated by a surplus of labour and low productivity. This position, however, should be improved in the new financial year by natural turnover of labour.

### Market Demand

The Zimbabwean National Railways have been very helpful in ironing out to the best of their capabilities, changes in demand for coke and coal, but the movements to the north across the border are beyond their control and the sale of coal and coke there has been less than our customers would have taken. The reductions in demand in Zimbabwe have arisen primarily in the iron and steel and ferro-alloy industries which are suffering from the world depressed demand and prices for their products. It is fortunate, however, that some other sectors increased their consumption slightly and in the six months coal and coke sales were respectively only 13,000 and 12,000 tonnes less than had been estimated would be required at the beginning of the six months period.

### Financial Results

The profit on trading for the six months was \$1,335,000. We earned \$365,000 from investments and a small profit was made on investments realised, so that \$1,734,000 profit and an amount of \$294,000 was carried forward from last year making a total of \$2,028,000 available for appropriation. We are required in terms of the coal price agreement to place 25 per cent of the profit after taxation to capital reserve. This requires an amount of \$426,000 to be so transferred, and this together with the \$32,000 profit on investments realised is included in the \$500,000 which was appropriated to capital reserve. In addition \$400,000 was placed to general reserve and a dividend of 3 cents per share absorbing \$760,000 was declared leaving \$358,000 to be carried forward to the new financial year.

### Capital Expenditure

I have previously mentioned that we would have to reduce our investments as we require the cash for capital expenditure, and income from this source will in future be greatly reduced.

The work on the expansion to supply the coal for the Electricity Supply Commission Station at Wankie is proceeding well. The Commission have advised us that there will be a delay in the installation of the first and probably subsequent units, but we expect to start making modest deliveries of coal in April this year so that a stockpile can be established at the power station site.

### Cokeworks

We have been concerned about the poor performance of the cokeworks where we have experienced difficulty in obtaining trained personnel. The cokeworks have not been operating at their rated capacity for some time, although the quality of the coke produced has been good. It was therefore decided to have a full technical investigation and we called in Messrs. Otto-Simon Carves, the original contractors for the plant, to examine the ovens and to advise on remedial measures.

This investigation and subsequent consultations with neighbouring operators confirmed that there was serious wear and deterioration of some of the steel work, the refractory brick work and the doors. While a complete rebuilding

would in all probability be the most efficient way of correcting the faults we have a responsibility to maintain supplies to our customers, and as we have been advised that a progressive repair programme is feasible, steps to start this work have been taken.

The capital cost will be a further drain on our resources. The cokeworks will continue to operate, however, so that by making full use of our stockpile and with the help of the Zimbabwe Iron and Steel Company we do not anticipate any diminution in the availability of coke for our customers.

### Loan Agreements

During the past six months we have realised most of our marketable securities and have drawn on the loan facilities provided by the International Finance Corporation and the other external lenders. The equipment for which this money was provided is arriving on site and there will now be increased expenditure on erection, so that we will have to start drawing on the facilities provided by the local lenders shortly. Interest on these loans will be capitalised until the programme is completed.

In terms of our agreement with the International Finance Corporation we have to raise \$9,130,000 before we can draw more than 50 per cent of the foreign loan facilities. It is clear that in present circumstances a rights issue to shareholders is not possible and discussions with the Government which has indicated an interest in the matter, and with the International Finance Corporation have been initiated.

### Outlook

Turning now to the prospects for the new year to February 1983. We have started modest deliveries of coal to the power station, and this should ease the railways' load as the generation capacity is built up, but it will be some time before appreciable tonnages are delivered to the power station.

The delay of some three months in the installation of the generating sets will be partly offset by the stockpiling by the Electricity Supply Commission to which I have referred, but we do not foresee any large increase in the general demand this year.

The expansion project is expected to be almost completed by the end of the next financial year. This is on schedule and we will be making increased drawings on the loan facilities. Provided the Zimbabwe Railways are able to move the tonnages required by our customers in Zambia and Zaire, the outlook is on the whole improving. We have not escaped the shortage of skilled operators felt throughout the country and this could be exacerbated when the dragline and ancillary works are operating at the colliery as these will require careful supervision.

### Sales

Sales in March were in accordance with our estimates, which made in consultation with everyone concerned, and at present it is likely that coal sales will average between 175,000 and 200,000 tonnes per month, but if the railways are able to handle the tonnages of coke, then coke sales could improve from the average of 16,000 tonnes in the past six months to 18,000 or more tonnes per month.

Mr R. J. Hedley, who has been a director for some years, has been appointed Managing Director of the Company. He has had wide experience of the Company's affairs and has been responsible to a very great extent for organising the finance for the expansion.

### Labour

Labour relations at the colliery have been good. Every effort is continuing to train people and fortunately we are in a position to supply all our customers with their requirements. The high cost of our operations is a matter for great concern, but we certainly look forward to the new year being a more satisfactory one than those we have recently experienced.

In conclusion I would like, on behalf of all the directors, to thank the Technical Director, his staff, the General Manager and all at the colliery for their appreciation of the problems, their efforts to overcome them and to maintain normal conditions at the mines.

Keith Acutt  
Chairman

Copies of the annual report and accounts are obtainable from the London Office of the Company.  
40 Holborn Viaduct, EC1P 1AJ, and from the office of the U.K. Transfer Secretaries, Charter Consolidated P.L.C., P.O. Box 198, Charter House, Park Street, Ashford, Kent TN24 8EQ.



This advertisement complies with the requirements of the Council of The Stock Exchange.  
It does not constitute an offer of, or invitation to subscribe for or purchase, any securities.

**U.S. \$125,000,000**

**Shell Canada Limited**

(Incorporated under the laws of Canada)

14% DEBENTURES DUE 1992

The following have agreed to subscribe for the Debentures:

MORGAN STANLEY INTERNATIONAL

WOOD GUNDY LIMITED

ALGEMENE BANK NEDERLAND N.V.

AMRO INTERNATIONAL LIMITED

ARAB BANKING CORPORATION (ABC)

CREDIT SUISSE FIRST BOSTON LIMITED

DEUTSCHE BANK AKTIENGESELLSCHAFT

KUWAIT INVESTMENT COMPANY (S.A.K.)

SALOMON BROTHERS INTERNATIONAL

SWISS BANK CORPORATION INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

The Debentures, in denominations of U.S.\$1,000, U.S.\$10,000 and U.S.\$100,000, issued at 99% per cent, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Debenture. Interest is payable annually in arrears on May 15, commencing on May 15, 1983.

Particulars of the Debentures are available in the Excel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including May 19, 1982 from the brokers to the issue:

R. Nixon & Co.,  
25 Austin Friars,  
London EC2N 2JB

May 5, 1982

**J. Hewitt & Son (Fenton) P.L.C.**

Manufacturers of domestic and industrial refractories, kiln furniture and electrical porcelain

Increased dividend covered seven times

	1981	1980	1979	1978
	£'000s	£'000s	£'000s	£'000s
Sales	4,489	4,976	3,808	2,787
Profit before tax	374	612	386	311
Profit retained	275	454	285	179
Earnings per share	14.2p	19.2p	14.2p	9.2p
Dividend per share	1.95p	1.8p	1.5p	1.28p

Extracts from the Statement by the Chairman Mr. D. K. Hewitt:

Although there was a fair recovery in the second half of the year, the results for the full year were substantially below last year's level. The reduction reflected a fall in demand for refractory products for domestic appliances both at home and overseas. Sales this year are a little above the lower level experienced in early 1981 but demand to date

THE NEW THROGMORTON TRUST P.L.C.  
Capital Loan Stock Valuation—4 May 1982

The Net Asset Value of £1 of Capital Loan Stock is £17.57p calculated on Formula 1. Securities valued at middle market prices.

THE TRING HALL USM INDEX  
122.1 (unchanged)  
Close of business 4/5/82  
BASE DATE 10/11/80 100  
Tel: 01-833 1591

LADBROKE INDEX  
Close 582.587 (+10)

and Markets  
Companies

## UK COMPANY NEWS

### Sun Life group funds show £212m expansion

TOTAL FUNDS within the Sun Life Group rose by £212m last year to £1.67bn, with total premium income climbing 25 per cent to £2.67bn. Investment income showed strong growth in 1981 rising 16 per cent to £144m, but claims payments also increased by nearly 25 per cent to £136m, with surrender payments doubling to £24.6m.

Even so, Mr Walker states that the group has overall seen record new business figures last year, with the unit-linked operations and the managed pension funds now providing good profits.

The group had only invested minimal amounts of its new money in the index-linked gilts which became available last year. But in 1981 it invested over £20m in conventional gilts. The main life fund invested £15m in UK equities and £15m overseas, mostly in the U.S. and Japan. A record amount of £25m was invested in property last

year by the group.

At the end of the year, the group held £541m—32 per cent in fixed interest stocks, £530m—31 per cent in equities and £44m—26 per cent in property, with another £128m in mortgages.

Mr Walker announced the Sun Life intended to join the Insurance Ombudsman Bureau, once certain modifications were made to the present method of operation of the Bureau. These would make it appropriate to deal with life assurance problems on a cost basis that reflected the few life insurance queries that arose compared with general insurance complaints.

### Roberts Adlard falls in second half



If you have a taste for the good things in life, let me tell you all about Drinkmaster's low cost drinks service.

We offer 18 different drinks, including teas, coffees, chocolate, Bovril flavour, sodas and cold drinks. Each from a low cost individual capital to come up fresh every time!

No installation charges; just choose one of our attractive dispensers and plug in for a delicious drink. So please post the coupon, I just can't wait for your orders.

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300 Goswell Road, LTD  
London EC1V 7LU Tel 01-837 2828

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Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Tel. \_\_\_\_\_

A member of the Initial Group FT 5

### Premier S.A. shows sharp advance at trading level

FOR THE 12 months ending March 31 last Premier Group, the South African diversified food group in which Associated British Foods has a 51 per cent interest, achieved record results with trading profits rising by 32 per cent to £11.2m from £8.4m.

The rise is attributed to higher turnover (R12.1m against R12.0m), better utilisation of physical and financial assets, high capacity utilisation and the benefits of the heavy capital expenditure programme in recent years.

The profits were affected by substantially higher interest charges but although these are expected to rise substantially in the current year the group hopes to achieve its 20 per cent compound pre-tax growth objective.

Total dividend is 65 cents (51 cents) from earnings per share of 20 cents (15 cents).

The group has diversified steadily for several years and apart from food has interests in records, books and publishing and pharmaceuticals. Further expansion is planned.

### Aurora Holdings' provisions

The auditors of Aurora Holdings, the troubled special steels and engineering group, have drawn shareholders' attention to the large rationalisation provisions in the latest accounts.

Aurora, which has reported an attributable loss of £8.7m in 1981, made exceptional provisions and charges of £1.9m and extraordinary provisions of £4.2m. At the year end, shareholders' funds were reduced to £11m and net borrowings stood at £34.5m.

Coopers and Lybrand's report said the accounts gave a true and fair view of the company's position "subject to any adjustments which may be required to the provisions in due course."

Aurora said yesterday that this did not amount to a qualification. The group was now making profits at the pre-tax level and expected to continue to do so. Its priority now was to reduce borrowings, probably by way of disposals.

### Republic National Bank of New York

A subsidiary of REPUBLIC NEW YORK CORPORATION

### Consolidated Statement of Condition

March 31, 1982

#### ASSETS

Cash and demand accounts	\$ 165,236,225





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## COMMODITIES AND AGRICULTURE

It's all matter of taste  
Jamaica may sell U.S. more bauxite

By Canute James in Kingston

**THE U.S.** is considering purchase of another 1m tonnes of Jamaican bauxite for the strategic mineral stockpile, according to Mr. Edward Seaga, Jamaica's Prime Minister.

Jamaica is now supplying a contract for 1.5m tonnes of ore for the stockpile, and Mr. Seaga said he expected another contract after the start of the U.S. fiscal year in October.

The existing contract has brought some stability to the island's bauxite industry. Production last year was 11.6m tonnes and was projected at 8.45m tonnes this year because of cutbacks forced by the slump in demand for aluminium. The stockpile sale, however, has raised this year's projected output to 10.07m tonnes.

**JAMAICA** is also seeking to sell or barter bauxite and alumina to Italy, reports Reuter. Jamaican officials discussed the matter with the Italian under secretary for foreign affairs, Sr Roberto Pallegi, during two days of talks this week on economic co-operation.

## Greater fats and oils output predicted

**ROME**—World output of fats and oils will increase by 4 per cent to 59.4m tonnes in crop years ending mid-1982, the United Nations Food and Agriculture Organisation (FAO) said in the latest edition of its bulletin "Food outlook."

Over the same period oilseed protein production will increase by 7 per cent to 42.4m tonnes, the bulletin said.

The monthly report said world production of the two main categories would recover but remain below trend and less than the 1980 record output of 59.5m tonnes for fats and oils, and 44.3m tonnes for oilseeds.

Prices this season may be on average below those of 1980/81, especially for oilseed proteins, and the lower prices might encourage world trade. Reuter

## London metals confused

By JOHN EDWARDS, COMMODITIES EDITOR

**LONDON** metal markets were confused and uncertain yesterday on how to react to the latest developments in the Falklands crisis. Gold opened lower, in line with the decline in the U.S. over the holiday weekend. Where prices surprisingly failed on Monday to respond to the renewal of hostilities after the Argentine Minister's statement on Friday suggesting a settlement was imminent.

The London Bullion spot price closed \$19.5 lower at \$342.5 a troy ounce. In the futures market the August position was £11.85 lower at £186.325 a troy ounce at one stage. Turnover was at the lowest level since the market opened two weeks ago at only 887 lots, reflecting the general uncertainty of the market.

The Montreal refinery's output of 450,000 short tons of copper, making it one of the biggest in the world. Workers voted over the weekend 70 per cent in favour of rejecting the latest offer.

Coming on top of the recent big cutbacks in U.S. copper

output, a prolonged strike at the Montreal refinery could obviously have serious repercussions on available supplies.

On the London Metal

Exchange the decline in gold and uncertainty over the "game of battleships" brought an easier trend, with the notable exception of copper.

Higher grade cash copper closed 29.75 up at \$388.75 a tonne following confirmation that workers at the giant Noranda Canadian Copper Refinery plant in Montreal had decided to strike after rejecting the company's latest offer of new labour contracts.

The refinery has an annual capacity of 450,000 short tons

of copper, making it one of the biggest in the world. Workers

voted over the weekend 70 per cent in favour of rejecting the latest offer.

Coming on top of the recent big cutbacks in U.S. copper

output, a prolonged strike at the

Montreal refinery could

obviously have serious repercussions on available supplies.

## Go-ahead for U.S. sugar quotas

By Nancy Dunne in Washington

**PRESIDENT REAGAN** yesterday gave approval to a U.S. Department of Agriculture proposal to place a quota on sugar imports, reportedly on a country-by-country basis.

However, the details of the quota have not been confirmed by the Department of Agriculture. The agencies involved are said to have been bickering as late as Monday over whether to impose a global or country-by-country system and whether or not preference should be given to the Caribbean basin countries.

The decision was reached as sugar futures in New York hovered between 8¢ and 9¢ a pound in the near months. A USDA spokesman said that the U.S. market stabilization price of 19.08 cents a pound could not be achieved by fees and duties once the world price fell below 9.94 cents a pound.

USDA officials say if quotas are not imposed, the Government could end up spending more than \$1bn to buy and store forfeited sugar. American processors are expected to go more and more to foreign sweeteners which they can get at a cost of between 12¢ and 15¢ a pound.

Our commodities staff writes: the London daily price for raw sugar was cut yesterday by 2¢ to £120 a tonne, the lowest level for over 23 years.

**SHARP FALL** in rubber

RUBBER prices fell sharply

in London yesterday on persistent selling. The RSS No. 1 spot price was cut by 2.5p to 56p per kilo. On the futures market losses of up to 34p

were reported following the withdrawal from the market of the recent main buyer, which triggered off selling from other dealers.

In Kuala Lumpur yesterday the International Rubber Organisation began its regular six monthly council meetings yesterday and will relate the various proposals to

actual figures. ICO delegates

Reuter

borrowing ability to \$120m.

Mr. Flambéck told the symposium that the 1980 agreement had fallen short of expectations and that it had been unable to defend the lower intervention price of \$1.06 per pound. Although the buffer stock managers' purchases of 100,000 tonnes of cocoa, costing \$235m, had helped prop up prices heavy forward sales were now imposing great strains.

## Cocoa market prospects gloomy

By TERRY POVEY

**LARGE-SCALE** climatic problems or some dramatic currency fluctuations are needed to produce a significant recovery in cocoa prices, delegates to an International Cocoa Organisation (ICCO) symposium claimed on Monday.

Addressing the Amsterdam meeting Mr. Juergen Flambéck, the ICO's buffer stock manager, said that given the present over-supply, even the \$7.5m loan from Brazil, to enable the organisation to purchase 40,000 tonnes more cocoa for its stocks, would give only short term stability to the market. Delegates added that most of the buffer stock purchases have already been discounted.

World production of cocoa should reach 1.85m tonnes within the next five years, analyst Gordon Gillett told the symposium. This was almost 200,000 tonnes more than in 1981/82. The largest increases are expected to come from the Ivory Coast, Brazil and Malaysia. Consumption was unlikely to expand unless prices fell to \$0.90 per pound or lower, he added.

The West German Cocoa Trade Association, who are members of the ICO, called for a cut in the agreed minimum

price as the only means of boosting the market. Mr. Franz Woodge, its chairman, claimed that the 1980 price was unrealistically high. Stabilisation of cocoa prices through the agreement was preventing any strong increase in consumption he added.

In July the ICO council is again to consider raising the agreement's levy to 3¢ per pound in order to increase its

borrowing ability to \$120m.

Mr. Flambéck told the symposium that the 1980 agreement had fallen short of expectations and that it had been unable to defend the lower intervention price of \$1.06 per pound. Although the buffer stock managers' purchases of 100,000 tonnes of cocoa, costing \$235m, had helped prop up prices heavy forward sales were now imposing great strains.

**Coffee sales below target**

**PRELIMINARY** International Coffee Organisation (ICO) statistics show exports under quota fell short of quota entitlements during the first half (October-March) of the 1981/82 coffee year, by 1.49m bags (of 60 kilos each). The metal opened

at 12.5¢ per pound. + MS per kilo.

**Business done—Wheat**—May 121.20-125.70, July 124.80-122.40, Sept 108.25, Nov 112.20-112.25, Jan 118.30-118.30, March 120.00-119.85. Sales: 175 lots, 100 tonnes. **Barley**: May 115.20-115.25, June 114.20-115.00, Aug 108.00-108.00, Jan 112.00-112.00, March 115.30 only. Sales: 218 lots of 100 tonnes.

**London GRAINS—Wheat**: U.S. Dark 120.75, July 124.80-122.40, Sept 108.25, Nov 112.20-112.25, Jan 118.30-118.30, March 120.00-119.85. Sales: 175 lots, 100 tonnes. **Barley**: May 115.20-115.25, June 114.20-115.00, Aug 108.00-108.00, Jan 112.00-112.00, March 115.30 only. Sales: 218 lots of 100 tonnes.

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## Grupo Alfa in move to sell companies

By William Chislett  
in Mexico City

GRUPO INDUSTRIAL ALFA, Mexico's largest private holding company, told its domestic and international creditors that it was negotiating the sale to the government of 12 of its 58 companies.

Alfa, which two weeks ago suspended principal payments on its \$2.3bn debt because of cash flow problems, told the creditors at a meeting in Houston, Texas, that negotiations with the government were continuing. No price was put on the sale, however.

The companies to be sold are mainly in the petrochemical and consumer goods sectors. Alfa also has interests in real estate and capital goods, and runs the country's most successful steel mill.

Bankers agreed at the meeting to extend Alfa's period for non-payment of principal for another 90 days.

Alfa's suspension of principal payments extends to all but government institutions like Eximbank of the U.S. It is still making interest payments, however. Most of the \$2.3bn debt is owed to foreign institutions.

## Papua New Guinea seeks \$100m credit

PAPUA NEW GUINEA has ended weeks of speculation by awarding a mandate for a \$100m credit to Lloyds Bank International (LBI), writes our Euromarket Staff. The 10-year loan is expected to carry interest spreads of 1 per cent above the London interbank offered rate (Libor) for eight years and 1 per cent for the remaining two years.

Sri Lanka has also awarded a mandate for a \$100m Euro-credit to a group of banks including LBI.

Other banks in the eight-year deal are Asia Pacific Capital Corporation, Bank of Tokyo, and Indosuez Asia. Rate of interest will be a spread of 1 per cent over Libor.

The Development Bank of the Philippines has decided to borrow \$75m. Citicorp, LBI and the Long Term Credit Bank of Japan are to handle the credit. Interest will be at 1 per cent for a total of 10 years.

## Sears Roebuck offers \$100m Eurodollar bond

By ALAN FRIEDMAN

SEARS ROEBUCK, the U.S. retail giant, and Manufacturers Hanover Trust are each seeking \$100m through the offer of new Eurodollar bond plus warrant issues.

The six-year Sears bonds, managed by Goldman Sachs, Dean Witter, carry a 13 1/2 per cent coupon and are priced at par. Each bondholder is entitled to two warrants for the purchase of 13 1/2 per cent bonds, maturing in 1990. The exercise period on these warrants is six years, but the 13 1/2 per cent coupon bond will be available only if the warrants are used within 12 months. Thereafter, the warrant holder may purchase 8 per cent bonds maturing in 1990.

As has become the custom, managers yesterday started selling the bonds-plus-warrants, but a number of bonds were then returned to the market by investors. As a result, the ex-warrant price of the Sears bonds stood at 95; in the pre-market, suggesting a yield of more than 15 per cent.

The Manufacturers Hanover

bonds, through Goldman Sachs and Manufacturers Hanover Limited, received a more enthusiastic reception in the market than did the Sears paper.

The five-year bonds carry a 13 1/2 per cent coupon plus two warrants to purchase 14 1/2 per cent bonds maturing in 1989. Whereas the Sears bonds traded at about \$18 to \$19 each, the Manufacturers Hanover warrants traded at about \$23. The ex-warrant bonds stood at 94 to yield 15.08 per cent.

Warrants have attracted intense interest over the past few months because they provide investors with an inexpensive opportunity to speculate on the path of interest rates. If investors think dollar rates will fall over the next year they can then use a warrant to purchase bonds with a potentially attractive coupon—that will be higher than the prevailing rates. If rates do not fall the investor has lost a relatively small amount—between \$15 and \$30 per warrant in most cases.

In secondary trading yesterday, Eurodollar bonds lost 4

point on average. This sector remains nervous and trading is mixed.

In the Euro D-Mark sector, prices were also about 1 point down on the day, following a weakening in the New York bond market. The Swiss franc foreign bond market saw prices down by a similar amount.

Bankers, Mexico's agricultural bank, came to the D-Mark foreign bond market as expected with a DM 100m eight-year issue through DG Bank.

The 10 1/2 per cent coupon and an expectation of a discount pricing of 99 1/2 highlights the price Mexican borrowers must pay these days.

At the upper end of the spectrum, the new Philip Morris \$1 per cent bonds have been priced at 1004, demonstrating the strength of this name in West Germany.

Philip Morris is also in the Swiss market, where it is raising \$100m through Swiss Bank Corporation. An indicated 6 1/2 per cent yield is in line with the borrower's healthy image.

## UK main profits earner for International Thomson

By OUR FINANCIAL STAFF

SUCCESS in expanding into the U.S. is stressed in the 1981 annual review of International Thomson Organisation, the multi-national information and publishing group which also has strong interests in the UK, North Sea and in travel and natural resources.

Lord Thomson of Fleet, the chairman, says that for the foreseeable future, the greater part of group revenues will continue to be generated by UK activities.

Net earnings in 1981 totalled \$45.1m or 32.4p a share before deducting extraordinary losses totalling £25.4m (18.3p a share) relating to discontinued operations and subsequent sale of Times Newspapers Holdings.

Lord Thomson, in his review, predicts growing profits from publishing and information interests at a time of declining profits from the group's oil activities, with group earnings reflecting the reduced pressure of high oil taxes.

Sales moved ahead to \$512.7m from \$419.1m, and the order backlog was \$3.85bn, compared with \$3.18bn.

Grumman said the operating net figure excluded a loss of \$6.05m on the sale of its Dormavac operations, but this was offset by a gain of \$7.1m from a cumulative adjustment in net earnings to reflect the group's change in accounting methods for investment tax credits.

Sales in the group's aerospace divisions continued to move ahead strongly, increasing 19 per cent to \$67.1m, while operating income rose 42 per cent to \$12.1m.

## First quarter increase for Grumman

By Our Financial Staff

GRUMMAN, the New York aerospace group with interests in commercial transport, raised its earnings and sales in the first quarter of this year.

The group, which makes aircraft for the U.S. Navy, lifted its first quarter operating net profits to \$6.52m or 47 cents a share from \$4.22m or 45 cents a share in the comparable period last year.

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## RCA optimistic on outlook

By RICHARD LAMBERT IN NEW YORK

RCA CORPORATION would resist to the utmost any attempt to takeover and dismember the company, Mr Thornton Bradshaw, chairman, told the annual meeting in New York yesterday. He said that when Bendix recently acquired 5.5m shares

in the company, RCA had made it clear that it was determined to remain independent.

RCA expected 1982 would be a far better year than 1981, even though the group would still not reach its true potential.

This announcement appears as a matter of record only.

Can. \$40,000,000

## Simpsons-Sears Acceptance Company Limited

16 1/2% Secured Debentures Series X due April 28, 1989

Unconditionally and irrevocably guaranteed by  
Simpsons-Sears Limited

Issue Price 100%

## Wood Gundy Limited

Bank Brussel Lambert N.V.

Amro International Limited

Credit Suisse First Boston Limited

Hambros Bank Limited

Orion Royal Bank Limited

Swiss Bank Corporation International Limited

Société Générale de Banque S.A.

Banque Générale du Luxembourg S.A.

Deutsche Bank Aktiengesellschaft

Merrill Lynch International & Co.

Société Générale

Dean Witter Reynolds Overseas Ltd.

Algemene Bank Nederland N.V.

Bank Heusser & Cie AG

Banque Internationale à Luxembourg S.A.

Banque Worms Bazing Brothers & Co. Limited

Bayerische Landesbank Girozentrale

Breisach Pluschow Schöller GmbH

Christiania Bank og Kreditkasse

Continental Illinois Limited

Credit Industriel d'Alsace et de Lorraine S.A.

Deutsche Girozentrale Deutsche Kommanditgesellschaft

Dresdner Bank Deutsche Gesellschaft

European Banking Company Limited

Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft

Hill Samuel & Co. Greenshields Incorporated

Kidder Peabody International Limited

LTCB International Limited

Mitsubishi Bank (Europe) S.A.

Norddeutsche Landesbank Girozentrale

Sal Oppenheim jr. & Cie.

Patheal Mackay Rose Limited

Salomon Brothers International Limited

J. Henry Schroder Wigg & Co. Limited

Société Séquoia de Banque

Vereins-und Westbank Aktiengesellschaft

Banca del Gotiardo

Bank Leu International Ltd.

Banque Nationale de Paris

Banque de l'Union Européenne

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft

Bayerische Vereinsbank

Berliner Handels- und Frankfurter Bank Aktiengesellschaft

CIBC Caisse Centrale des Banques Populaires

Chase Manhattan Bank

Richard Daus & Co. Bankers

Worms Haus W. Petersen

Dominion Securities Ames Limited

Merck Finck & Co.

Midland Doherty Limited

N.V. Slavenburg's Bank

The Nikko Securities Co. (Europe) Ltd.

Österreichische Länderbank A.G.

Peterbrueck, Van Campenhout & Cie S.C.S.

Richardson Securities of Canada (UK) Limited

Schoeller & Co.

Schröder, Milchmeier, Hengst & Co.

N.V. Slavenburg's Bank

Verband Schweizerischer Kantonalbanken

Zentralsparkasse und Kommerzienbank, Wien

Bank Gutzwiller, Kurz, Bungener (Overseas) Limited

Bankhaus Hermann Lampe Kommanditgesellschaft

Banque de l'Union Européenne

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft

Berliner Handels- und Frankfurter Bank Aktiengesellschaft

Credit Général S.A. de Banque

Credit General S.A. de Banque

Credit Générale de Banque S.A.

Credit Générale du Luxembourg S.A.

C

This announcement appears as a matter of record only.



# PETROLEOS MEXICANOS

## U.S. \$2,000,000,000 Medium Term Loan

Lead Managed by

BANCO DE VIZCAYA	BANCO DI ROMA	BANCO EXTERIOR GROUP
BANCO NACIONAL DE MEXICO, S.A.	BANKAMERICA INTERNATIONAL GROUP	THE BANK OF NOVA SCOTIA GROUP
BANAMEX		
THE BANK OF TOKYO, LTD.	BANQUE NATIONALE DE PARIS	BANQUE DE PARIS ET DES PAYS BAS
BARCLAYS BANK GROUP	CHASE MERCHANT BANKING GROUP	CHEMICAL BANK INTERNATIONAL GROUP
CITICORP INTERNATIONAL GROUP	COMMERZBANK	CREDIT LYONNAIS
CREDIT SUISSE	CREDITANSTALT-BANKVEREIN	THE DAI-ICHI KANGYO BANK, LIMITED
FIRST INTERSTATE BANK GROUP		THE INDUSTRIAL BANK OF JAPAN, LIMITED
MANUFACTURERS HANOVER MERCHANT BANKING GROUP	MELLON BANK, N.A.	MIDLAND BANK INTERNATIONAL
NATIONAL BANK OF CANADA	NATIONAL WESTMINSTER BANK GROUP	ORION ROYAL BANK LIMITED
THE SUMITOMO TRUST AND BANKING CO., LIMITED		SOCETE GENERALE
		SWISS BANK CORPORATION INTERNATIONAL LIMITED

Managed by

BANCA COMMERCIALE ITALIANA	EUROPEAN AMERICAN BANK	LIBRA BANK LIMITED
THE MITSUBISHI TRUST AND BANKING CORPORATION		THE MITSUI TRUST AND BANKING CO., LTD
PANAMA BRANCH	REPUBLIC NATIONAL BANK OF NEW YORK / TRADE DEVELOPMENT BANK OVERSEAS INC.	

Co-Managed by

CREDIT COMMERCIAL DE FRANCE	ALLIED IRISH BANKS LIMITED	AMERITRUST COMPANY
BANCO DO ESTADO DE SAO PAULO S.A.	BANCO MEXICANO SOMEK, S.A.	THE BANK OF NEW YORK
NEW YORK AGENCY	IRVING TRUST COMPANY	RAINIER NATIONAL BANK
GIRARD BANK	TEXAS COMMERCE BANK NATIONAL ASSOCIATION	ZENTRALSPARKASSE UND KOMMERZIALBANK WIEN
TEXAS COMMERCE BANK NATIONAL ASSOCIATION	VEREINS-UND WESTBANK INTERNATIONALE S.A.	

Funds Provided by

BANCO DE VIZCAYA S.A.	BANCO DI ROMA IFF - NEW YORK	BANCO EXTERIOR GROUP	BANCO NACIONAL DE MEXICO, S.A.	BANK OF AMERICA NT AND SA NASSAU BRANCH
THE BANK OF NOVA SCOTIA INTERNATIONAL LIMITED	THE BANK OF TOKYO, LTD.	BANQUE DE PARIS ET DES PAYS BAS	BARCLAYS BANK INTERNATIONAL ALLIED	THE CHASE MANHATTAN BANK, N.A.
CHEMICAL BANK	CITIBANK, N.A.	COMMERZBANK	CREDIT SUISSE	THE DAI-ICHI KANGYO BANK, LIMITED
ARTHEGENESSELLSCHAFT	ARTHEGENESSELLSCHAFT	CREDITANSTALT-BANKVEREIN	CREDITANSTALT-BANKVEREIN	THE INDUSTRIAL BANK OF JAPAN, LIMITED
MANUFACTURERS HANOVER TRUST COMPANY	MELLON BANK, N.A.	MIDLAND BANK PLC	NATIONAL BANK OF CANADA	THE ROYAL BANK OF CANADA (BARBADOS) LIMITED
THE SUMITOMO TRUST AND BANKING CO., LTD.	NATIONAL WESTMINSTER BANK PLC	THE SUMITOMO TRUST AND BANKING CO., LTD.	THE ROYAL BANK OF CANADA (BARBADOS) LIMITED	SOCETE GENERALE
LOS ANGELES AGENCY	LOS ANGELES AGENCY	THE SUMITOMO TRUST AND BANKING CO., LTD.	LOS ANGELES AGENCY	SWISS BANK CORPORATION
BANQUE NATIONALE DE PARIS	BANQUE NATIONALE DE PARIS	CREDIT LYONNAIS (NEW YORK BRANCH)	CREDIT LYONNAIS (PANAMA BRANCH)	
NEW YORK BRANCH - INTERNATIONAL BANKING FACILITY	NEW YORK BRANCH - INTERNATIONAL BANKING FACILITY			
EUROPEAN AMERICAN BANKING CORPORATION	LIBRA BANK LIMITED	THE MITSUBISHI TRUST AND BANKING CORPORATION	THE MITSUI TRUST AND BANKING CO., LTD.	
ALLIED IRISH BANKS LIMITED	AMERITRUST COMPANY	BANCO DO ESTADO DE SAO PAULO S.A.	BANCO MEXICANO SOMEK, S.A.	THE BANK OF NEW YORK
NEW YORK BRANCH		NEW YORK AGENCY	GRAND CAYMAN BRANCH	GRAND CAYMAN BRANCH
GIRARD BANK	IRVING TRUST COMPANY NEW YORK	PITTSTURGH NATIONAL BANK	RAINIER NATIONAL BANK	TEXAS COMMERCE BANK NATIONAL ASSOCIATION
VEREINS-UND WESTBANK INTERNATIONALE S.A.	ZENTRALSPARKASSE UND KOMMERZIALBANK WIEN	REPUBLIC NATIONAL BANK OF NEW YORK	REPUBLIC NATIONAL BANK OF NEW YORK	TRADE DEVELOPMENT BANK OVERSEAS, INC.
BANCA NAZIONALE DEL LAVORO	BANCO HISPANO AMERICANO S.A. / GRAND CAYMAN BRANCH	BANCO INTERNACIONAL, S.A. MEXICO	BANCO REAL S.A.	BANCO RIO DE LA PLATA S.A.
LOS ANGELES BRANCH OVERSEAS	LOS ANGELES AGENCY	LOS ANGELES AGENCY	NEW YORK AGENCY	NEW YORK AGENCY
BANK OF THE SOUTHWEST N.A. HOUSTON	CREDIT COMMERCIAL DE FRANCE	CREDIT COMMERCIAL DE FRANCE - NEW YORK	CREDIT COMMERCIAL DE FRANCE - NEW YORK	COUNTY BANK LIMITED
THE DETROIT BANK AND TRUST COMPANY	FIRST INTERSTATE BANK OF OREGON, N.A.	FIRST UNION NATIONAL BANK	FIRST UNION NATIONAL BANK	THE HOKKAIDO TAKUSHOKU BANK LTD
THE HOKORIKO BANK, LTD.	MERCANTILE TRUST COMPANY, N.A.	THE SUMITOMO TRUST AND BANKING CO., LTD.	THE SUMITOMO TRUST AND BANKING CO., LTD.	SUN BANK, N.A. ORLANDO, FLORIDA
FIRST INTERSTATE BANK OF ARIZONA, N.A.	CREDIT DU NORD	AMERICAN NATIONAL BANK AND TRUST OF NEW JERSEY	TOKAIA LTD.	
BANCO DE BOGOTA	BANCO DE PONCE	BANCO DO COMERCIO E INDUSTRIA DE SAO PAULO S.A.	BANCO ITAU S.A., NEW YORK AGENCY	BANCO DO ESTADO DO RIO DE JANEIRO S.A.
BANCO DE VIRGINIA	BANQUE ROTHSCHILD	CLYDESDALE BANK PLC	THE EQUITABLE TRUST COMPANY	BANCO OF IRELAND
FIRST NATIONAL STATE BANK OF NEW JERSEY	FIRST PENNSYLVANIA BANK, N.A.	THE FORT WORTH NATIONAL BANK	THE HUNTINGTON NATIONAL BANK	FIRST NATIONAL BANK OF MARYLAND
LICB (SCHWEIZ) AG	MIDLANTIC NATIONAL BANK	NORDIC AMERICAN BANKING CORPORATION	PRIVATBANKEN LIMITED	JAPAN INTERNATIONAL BANK LIMITED
THE SUMITOMO BANK, LIMITED	UBAF ARAB AMERICAN BANK	UNITED JERSEY BANK	WINTERS NATIONAL BANK AND TRUST COMPANY	THE SAITAMA BANK LTD. LOS ANGELES AGENCY
BANCO DE LA PROVINCIA DE BUENOS AIRES	BANCO PASTOR, S.A.	HARTFORD NATIONAL BANK AND TRUST COMPANY	WINTERS NATIONAL BANK AND TRUST COMPANY	MICHIGAN NATIONAL BANK
SHAWMUT BANK OF BOSTON, N.A.	THE TOYO TRUST AND BANKING CO., LTD.	BAER AMERICAN BANKING CORPORATION	WINTERS NATIONAL BANK AND TRUST COMPANY	TRUST COMPANY OF INDIANAPOLIS
BANCO DI SANTO SPIRITO (LUXEMBOURG)	BANK FEUER ARBEIT UND WIRTSCHAFT AG	THE BOATMEN'S NATIONAL BANK OF ST. LOUIS	BAER AMERICAN BANKING CORPORATION	NASSAU BRANCH
DEN NORSKE CREDITBANK (LUXEMBOURG) S.A.	FIRST AND MERCHANTS NATIONAL BANK	OLD STONE BANK	BAER AMERICAN BANKING CORPORATION	BANCO CAFETERO, S.A. (PANAMA)
HAWAII FINANCIAL CORPORATION (HONG KONG) LTD (A WHOLLY-OWNED SUBSIDIARY OF BANK OF HAWAII)	NATIONAL CITY BANK OF MINNEAPOLIS	ARAB TURKISH BANK	BAER AMERICAN BANKING CORPORATION	CENTRAL PENN NATIONAL BANK
SPAREBANKEN OSLO AKERSHUS	UNIBANCO-UNIAO DE BANCOS BRASILEIROS S.A.	BAER AMERICAN BANKING CORPORATION	BAER AMERICAN BANKING CORPORATION	THE FIRST INTERNATIONAL BANK OF ISRAEL LTD.
BANCO DE CREDITO DEL PERU INTERNATIONAL	BANCO DE PROGRESO, S.A., MADRID	BANCO LATINOAMERICANO DE EXPORTACIONES	BAER AMERICAN BANKING CORPORATION	J. HENRY SCHROEDER BANK AND TRUST COMPANY
GRAND CAYMAN	NEW YORK AGENCY	BLADEX	BAER AMERICAN BANKING CORPORATION	BANCO CAFETERO INTERNATIONAL CORPORATION
FIRST JERSEY NATIONAL BANK	KUWAITI-FRENCH BANK	KUWAIT PACIFIC FINANCE COMPANY LIMITED	BAER AMERICAN BANKING CORPORATION	LONDON INTERSTATE BANK LIMITED
MARINE NATIONAL EXCHANGE BANK OF MILWAUKEE	OLD KENT BANK AND TRUST COMPANY	OLD KENT BANK AND TRUST COMPANY	BAER AMERICAN BANKING CORPORATION	UNION PLANTERS NATIONAL BANK OF MEMPHIS

CITIBANK, N.A.

Agent



April 2, 1982

All these Certificates have been sold. This announcement appears as a matter of record only.

NEW ISSUE

February 22, 1982



## REPUBBLICA ITALIANA

Ministero del Tesoro  
Direzione Generale del TesoroECU 500,000,000  
Treasury Certificates in ECU  
14% 1982-1989

## Banca d'Italia

Banca Commerciale Italiana Banca Nazionale dell'Agricoltura  
Banca Nazionale del Lavoro Banca Popolare di Novara Banco di Napoli  
Banco di Roma Cassa di Risparmio delle Province Lombarde Credito Italiano  
Istituto Bancario San Paolo di Torino Monte dei Paschi di Siena

## Kredietbank International Group

Algemene Bank Nederland N.V. Banca Commerciale Italiana Banca del Gottardo  
Banca Nazionale del Lavoro Banco di Roma Bank Brussel Lambert N.V.  
Banque de l'Indochine et de Suez Banque Nationale de Paris  
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Gefina International Limited Istituto Bancario San Paolo di Torino  
Kleinwort, Benson Limited Merrill Lynch International & Co. Privatbanken A/S  
Société Générale S.G. Warburg & Co. Ltd.

This announcement appears as a matter of record only

FINSIDER INTERNATIONAL S.A.  
LuxembourgUS\$ 20'000'000.00  
Medium Term Floating Rate Loan

guaranteed by

SOCIETÀ FINANZIARIA SIDERURGICA  
FINSIDER PER AZIONI  
Romeprovided by  
Banca del Gottardo  
The Hokkaido Takushoku Bank, Limited, London Branch  
Banco Ambrosiano Overseas Limited  
Banco Unione di Credito  
Banque de l'Union Européenne (Luxembourg) S.A.  
Algérienne Assurancesbank A.G.  
Tukugan International Bank (Europe) S.A.  
Wochoch Commercial Bank Ltd.

agent

Banca del Gottardo

March, 1982

This announcement appears as a matter of record only

LIGHT-SERVIÇOS DE ELETRICIDADE S.A.  
Rio de JaneiroSFR 30'000'000.00  
Medium Term Floating Rate Loan

guaranteed by

THE FEDERATIVE REPUBLIC OF BRAZIL  
managed by  
Banca del Gottardo

Dai-Ichi Kangyo Bank (Schweiz) AG

provided by

Banca del Gottardo  
Dai-Ichi Kangyo Bank (Schweiz) AG  
Seattle First National Bank (Switzerland) Zürich  
Handelsbank N.W.  
J. Henry Schroder Bank AG  
Banque Louis-Dreyfus en Suisse SA

agent

Banca del Gottardo

March, 1982

U.S. \$40,000,000

Christiania Bank og Kreditkasse  
(Incorporated in the Kingdom of Norway with limited liability)

Floating Rate Subordinated Capital Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 5th May, 1982 to 5th August, 1982 the Notes will carry an Interest Rate of 15 1/2% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$39.13.

Credit Suisse First Boston Limited  
Agent Bank

U.S. \$20,000,000



## Den norske Creditbank

Floating Rate Subordinated Capital Notes  
Due 1990

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 5th May, 1982 to 5th August, 1982 the Notes will carry an Interest Rate of 15 1/2% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$39.13.

Credit Suisse First Boston Limited  
Agent BankNACIONAL FINANCIERA, S.A.  
USS\$150,000,000 Floating Rate Notes due 1990For the six months  
5th May 1982 to 5th November 1982  
The Notes will carry an interest rate of 15 1/2% per annum and  
Coupon Amount of US\$779.44.  
The relevant Interest Payment Date will be  
5th November 1982  
By: Bankers Trust Company, London  
Reference AgentCIT-Alcatel  
increases  
earnings  
and dividend

By Our Paris Staff

CIT-ALCATEL, the telecommunications and electronics subsidiary of the recently nationalised French CGE group, increased net parent company profits last year from FF 77.5m to FF 95.2m (\$15.9m). Sales also registered a sharp 26 per cent increase to FF 4.9bn.

Consolidated turnover figures for the group, which has not yet consolidated its profits, show an even sharper 30 per cent jump to FF 10.7bn. The company says that this increase reflects the higher level of activity in its electronics division and the entry into the accounts of Roneo the recently acquired UK office equipment group, for the first time.

CIT's telecommunications subsidiary has also increased its sales both through exports and a larger market share in France.

On the profits side, the company has been helped by the completion of a major manufacturing switch involving digital equipment. This gradual conversion of plants ran up heavy redundancy and reorganisation payments in previous years.

But the cuts, involving about 7,000 jobs, are complete, while the global group workforce, including redeployed workers and new entries from takeovers, has stabilised at about 40,000.

The board is proposing an increased dividend of FF 60 a share net for 1981, against FF 54 last year.

• The French Government is expected to float another FF 10bn (\$1.6bn) state loan shortly. The Economics Ministry is reportedly putting the finishing touches on a six-year instrument with a variable rate that will be revised after three years.

This will be the third state bond issue the Government has floated since last May. Last December the Government offered an eight-year issue bearing an annual interest rate of 16.20 per cent.

Grundig is aiming to increase video recorder production to 500,000 units this year from only 250,000 in 1981. Output is set to double again to about 1.5m next year.

Demand for video recorders

Rhône-Poulenc cuts loss  
and sees improvement

By TERRY DODSWORTH IN PARIS

THE NEWLY nationalised Rhône-Poulenc group, France's largest chemicals company, ran into a further heavy loss of FF 335m (\$55.8m) last year, despite an increase in sales of almost 20 per cent.

The figures underline the financial weakness of the group, which is earmarked to play the lead role in the reorganisation of the French chemicals industry. Rhône-Poulenc is said to have told the Government it will need about FF 1bn (\$167m) annually in fresh capital over the next three years to support its investment plans.

Last year had proved to be as difficult as 1980 for the whole of the European chemicals industry, the company said. But the first quarter of this year had shown a "significant" improvement, despite the mediocre

market conditions and the heavy financial charges the company was having to bear. The deficit compares with a loss of FF 1.9bn in 1980 when the group was in the middle of a draconian closure programme for its textile interests. To cover the costs of this reconstruction over the 1981-1983 period, Rhône-Poulenc set aside provisions of FF 1.6bn.

The company made yet more exceptional charges of FF 91m last year against the cost of reorganisations in other, unspecified, parts of the group. Subtracting these special provisions, the loss last year amounted to FF 244m against FF 327m in 1980.

In addition, last year's accounts include profits from asset sales of FF 128m, compared with FF 701m in 1980, and FF 317m of carried forward profits from readjusted taxes. On the debit side, the results take account of FF 102m of reorganisation charges linked to costs in manufacturing.

Earlier this year, Rhône-Poulenc blamed the rise in raw material costs, which it had not been able to recover in increased prices, along with difficulties in its fertilizer division, for many of its problems last year.

It said that overseas subsidiaries, which generated 34 per cent of total turnover, had played a leading role in the increase in sales, which went up from FF 30.2bn to FF 35.9bn.

About 4 per cent of this rise was attributable to a real increase in the company's busi-

nesses.

BY KEVIN DONE IN FRANKFURT

GRUNDIG, the West German consumer electronics group, cut its losses by DM 150m last year to about DM 40m (\$17.4m). The group is confident it will return strongly to profit in the current financial year.

On the basis of current order books and the strength of demand, group profits for 1982-83 could exceed DM 200m.

Turnover rose by 5 per cent in the year ended March 1982 to DM 2.9bn from DM 2.77bn in 1980-81. Herr Rene Dreier, the group's financial director said yesterday that Grundig was aiming to increase sales to DM 3.5bn for 1982-83.

For the past three years sales have been falling and last year the group ran up a deficit of DM 167m. The turnaround in its fortunes is based on high demand for video recorders and strong colour television sales, which have been helped by the introduction of stereo TV sets.

Grundig is aiming to increase video recorder production to 500,000 units this year from only 250,000 in 1981. Output is set to double again to about 1.5m next year.

Demand for video recorders

in West Germany, where the Grundig/Philips system has a market share of about 30 per cent, was stronger than expected last year at an estimated 750,000. Grundig's market forecasts suggest this total could double this year.

Grundig is planning a television set production of 2.1m in 1983-1.5m colour sets and 300,000 black and white sets—compared with 1.6m in 1981 and an estimated 1.8m in 1982.

In the current year Grundig expects a video recorder turnover of DM 1.25bn and television sales of DM 250m.

The company's strong recovery follows a period in which its financial performance has been heavily burdened by the costs of a sweeping rationalisation programme undertaken to meet the challenges of mounting competition from the Far East and Europe.

From November 1978 to March 1981 the workforce was cut from 40,000 to just 23,000 and 11 plants were closed in Europe. In the last six months the workforce has been increased by about 2,000 to 31,400 to take account of rising

video recorder output.

The company is 75 per cent owned by its founder and chief executive, Dr Max Grundig. Philips, the Dutch electrical group, is a minority share holder.

BY KEVIN DONE IN FRANKFURT

Amsterdam bourse plans  
investor speculation curbs

BY OUR FINANCIAL STAFF

AMSTERDAM'S STOCK market authorities are planning moves aimed at stamping out excessive investor speculation.

The Stock Exchange Association is studying the possibility of imposing regulations on operators taking short or long financial positions.

The performance reflects an improvement in the operating earnings of the Brazilian shipyard subsidiary, Verolme Brazil, to Fls 80.2m from Fls 42m, as well as a better net financial result.

Excluding losses from a turnkey project in Algeria, RSV realised a Fls 45.1m operating profit on its Dutch activities, up from Fls 8.8m in 1980.

Provisions amounting to Fls 80m have been charged on the Algerian contracts. At the same time Fls 42.5m has been absorbed by a reorganisation of the shipbuilding and offshore activities and Fls 30m for tanker write-downs.

Orders amounted to Fls 8bn at the year end, an increase of Fls 1.6bn over end-1980. One-eighth of these relate to work in Brazil.

The group, which is majority-owned by the private Quandt family interests in West Germany, is cutting its dividend by a sixth to DM 5 per share.

Turnover rose by only 7 per cent last year to DM 1.629bn from DM 1.527bn, and Varta is still being hit by the recession

in its inability to pass on rising labour and raw materials costs fully in higher product prices.

## Varta income falls 45%

BY KEVIN DONE IN FRANKFURT

VARTA, one of West Europe's leading battery manufacturers, suffered a fall of 45 per cent in after-tax profits last year to DM 16.4m (\$7.1m) compared with DM 39.7m in 1980.

The group, which is majority-owned by the private Quandt family interests in West Germany, is cutting its dividend by a sixth to DM 5 per share.

Turnover rose by only 7 per cent last year to DM 1.629bn from DM 1.527bn, and Varta is still being hit by the recession

in its inability to pass on rising labour and raw materials costs fully in higher product prices.

Profits were hit last year by

its inability to pass on rising labour and raw materials costs fully in higher product prices.

in important customer industries, such as automobile manufacture.

In the first quarter of 1982 sales rose worldwide by 9 per cent to DM 384m. In 1981 the group had to depend solely on foreign markets for growth, with export sales rising by 22.6 per cent compared with a 1.4 per cent drop in domestic sales.

Profits were hit last year by

its inability to pass on rising labour and raw materials costs fully in higher product prices.

in particular its handling of offshore oil and gas exploration and flag policies.

Having last year forced Moeller to give up all but one per cent of its licence rights to the Danish on and offshore areas, the government has now

added insult to injury by introducing hydrocarbon tax

which completely alters the terms which were the basis for our operations over many years

and the very substantial investments we and our partners have made."

The performance represents a considerable slowdown from 1980—when profits doubled and reflects reorganisation costs, mainly arising from the company's absorption of GM Industries.

Sanofi, closely linked to the

State sector through the 56 per cent stake held by the publicly

controlled Elf Aquitaine oil

group, said it continued with heavy spending last year. In

investments amounting to FF 300m and expenditure on research

rose to FF 440m, mainly

linked to the group's pharmaceutical activities.

Cash flow last year amounted to FF 529m, an increase of

23 per cent, while parent company net profits rose by 36 per

cent to FF 151m. The company is proposing a 12.5 per cent increase in dividends to

FF 13.50 net.

## Italian bank lifts net earnings

BY RUPERT CORNWELL IN ROME

THE IMPRESSION that 1981 was a vintage year for the Italian banking system, despite falling domestic lire deposits which grew by only 14.8 per cent (well below the rate of inflation), and expansion elsewhere, notably among its international operations.

The improvement at San Paolo, Italy's sixth largest commercial bank, follows strong gains reported by other major credit institutions. During the year its overall deposits rose by 21 per cent to L39.3bn.

The improvement at San

Paulo, Italy's sixth largest

commercial bank, follows

# Court blocks partial bid by Kirsh for Greatermans

BY THOMAS SPARKS IN JOHANNESBURG

THE BID by Kirsh Industries for Greatermans Stores, the company which operates South Africa's largest supermarket chain, Checkers, has been blocked by the Supreme Court in Johannesburg.

Kirsh offered to acquire 50 per cent of the 3.02m Greatermans voting ordinary shares in issue at R15 (914s) a share from the previous controlling shareholders. No offer was made for the 2.63m non-voting ordinary shares. Payment was to be by the issue of new shares in companies in the Kirsh group which were then to be sold for cash.

The partial bid was ratified by the Johannesburg Stock Exchange Committee after it

had been agreed earlier by Mr Richard Lurie, the president, and Mr Paul Ferguson, the vice president. The agreement and ratification, however, were contrary to the stock exchange requirement that in the case of a bid for a company all ordinary shares shall be treated equally whether or not they carry votes.

This was not the case in the bid for Greatermans and an aggrieved non-voting shareholder, Dawnlaan Investments, petitioned the court to block a limited bid. The court has decided that the earlier approval of the Stock Exchange Committee should not be allowed to stand, and has instructed the Exchange to ensure that the takeover is not imple-

## Earnings halved at Tan Chong Motors

By Wong Sulong in Kuala Lumpur

PRE-TAX EARNINGS of Tan Chong Motors, the distributor of Datsun cars in Malaysia and Singapore, fell by 56 per cent to 47m ringgit (\$20.4m) for 1981, although turnover was up 6 per cent to 652m ringgit. After-tax profits were 51 per cent lower at 26m ringgit.

Keen competition, especially the second bid, led the company to mount several expensive sales campaigns, and a high level of stocks and higher financing charges caused an erosion of margins.

A final dividend of 15 per cent is to be paid, making an unchanged total of 21 per cent. Net earnings per share fell from 54 cents to 27 cents.

Tan Chong expects the first half of the current year to show unchanged earnings, but hopes for better things in the late second half with an anticipated economic recovery.

Meanwhile at Cycle and Carriage Bintang, which distributes Mercedes cars in Malaysia, pre-tax earnings for the first six months to March nearly double to 8.8m ringgit on sales up by 6 per cent to 114m ringgit.

The company said margins were restored through improved efficiency and it is optimistic of better sales in the second half.

An unchanged interim dividend of 6 per cent has been declared.

## Group profits lower at Daiei

BY YOKO SHIBATA IN TOKYO

DAIEI, Japan's largest supermarket chain store operator and retailer, with 28 consolidated subsidiaries and 71 affiliated companies, has reported a 64.2 per cent setback in group net earnings to Y3.66bn (\$15.5m) for the year ended February.

The figure takes account of value losses on unconverted debentures overseas caused by the yen's depreciation against the U.S. dollar. In the previous year the issues generated exchange profits of Y5.1bn.

Group sales were 10.6 per cent higher at Y1.292bn. Of the total, clothing accounted for 25.8 per cent (up 1.1 per cent), food for 27.8 per cent (up 5.9 per cent), household goods for 14.8 per cent (up 7.2 per cent), and leisure and hobby products for 10.4 per cent (up 7.5 per cent).

In the current year, the company expects a continuation of the sluggish consumer spending and selectiveness of customers and plans to raise gross profit

## Kirloskar Electric to control Herbert India

BY JOHN ELLIOTT IN BOMBAY

NEGOTIATIONS are expected to be finalised soon for Kirloskar Electric, part of the major Kirloskar Engineering Group of India, to buy a British-owned 40 per cent holding in Alfred Herbert (India).

The stake is for sale following the disbanding of the Herbert Machine tool group in the UK after rescue attempts mounted by the state-owned National Enterprise Board failed. Under Indian law governing foreign ownership of companies, 40 per cent is the basic maximum allowed to be held abroad.

Mr A. C. Puri, managing director of Alfred Herbert (India) held meetings with bankers and other interests in Bombay on Monday before leaving for London. The deal will give Kirloskar effective control of Herbert (India), a successful machine tool manufacturer. Herbert's customers include Tooling Investments of the UK which has bought the surviving Herbert interests in Britain.

## Spending spree for AMP

BY IAN PERKIN IN MELBOURNE

AUSTRALIAN MUTUAL Provident Society (AMP), Australia's leading life insurance office and largest institutional investor, is poised to make several major investments in Australia and overseas, according to Mr Alan Coates, the chief general

manager. The society has current cash resources of some A\$200m (U.S.\$211m).

Mr Coates gave no details of the proposed new investments and did not indicate whether he was referring to fresh purchases of Australian shares.

Mr Coates said that the AMP is in the final stages of negotiations to make investments totalling almost A\$30m in the U.S. He said the society was now taking full advantage of the 1980 decision to de-control Australian investment overseas.

But Mr Coates said the society would never invest more than 2 per cent of its total assets outside Australia.

• The Australian finance subsidiary of Citicorp, Citicorp Australian Holdings, lifted net profits by 5.9 per cent from A\$5.1m to A\$5.4m in the first quarter of 1982.

Net receivables for the three months were A\$1.64bn, a rise of \$282m on the previous year.

**Sharp rise for Israel Discount Bankholding**

By L. Daniel in Tel Aviv

ISRAEL DISCOUNT Bankholding, the parent company of the Israel Discount Bank and a range of companies engaged in investment, particularly industrial, in mortgage financing, construction, insurance, etc. reports that net profit last year soared to Sh. 1.29bn (\$632m) from Sh. 462m, a rise of 172 per cent in a year when inflation reached 101.5 per cent.

The profit represents a 7.6 per cent yield on capital. The balance sheet total rose to Sh. 152.2bn from Sh. 64.2bn.

## The effective link in Financial Futures

Exco Futures Ltd, the financial futures broking subsidiary of the international money broker, Exco International plc, and Cargill Investor Services Ltd, the London affiliate of Chicago commodity brokers, Cargill Investor Services Inc., will work together on the London International Financial Futures Exchange.

Both parties believe that this proven combination of cash and futures markets expertise with its worldwide connections will best serve its customers in the financial futures markets in London and elsewhere.

EXCO

Exco International plc.

80 Cannon Street, London EC4N 6LJ.

Telephone: 01-626 2486. Telex: 887198.

Futures Desk: 01-285 7642.

CIS

Cargill Investor Services Ltd.,

Staple Hall,

Telephone: 01-285 5272. Telex: 885453.

U.S. \$40,000,000



Genossenschaftliche Zentralbank  
Aktiengesellschaft  
Vienna

Floating Rate Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 5th May, 1982 to 5th August, 1982 the Notes will carry an Interest Rate of 15 1/2 per annum. The relevant Interest Payment Date will be 5th August, 1982 and the Coupon Amount per U.S. \$1,000 will be U.S. \$38.97.

Credit Suisse First Boston Limited  
Agent Bank

## Notice of Redemption

Petroleos Mexicanos

(A decentralised public agency of the United Mexican States)

Bahrain Dinars 15,000,000

8 1/2% Notes due 1982-87

In accordance with the terms of the Fiscal Agency Agreement, notice is hereby given to Noteholders that requests for redemption in full of the principal amount of the Notes on 15 November, 1982 must be received by the Fiscal Agent before 13 August, 1982.

Fiscal Agent:

B.A.I.I. (Middle East) E.C.

P.O. Box 5333, Bahrain.

Telex: 8542 (BAI BN)

This announcement appears as a matter of record only.



## SOFTE - Société Financière pour les Télécommunications et l'Électronique S.A.

(Société Anonyme incorporated with limited liability in the Grand Duchy of Luxembourg)

US \$ 75,000,000

Guaranteed Floating Rate Notes due 1989

Extendible at the Noteholder's option to 1992  
Irrevocably and Unconditionally Guaranteed by

STET

## Società Finanziaria Telefonica per Azioni

(Incorporated with limited liability in the Republic of Italy)  
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Credito Italiano, LondonBanco di Santo Spirito (Luxembourg)  
Bank Brusel Lambert N.V. Banque Internationale de Gestion et de Trésorerie - BIGT  
Italian International Bank Limited Nippon European Bank S.A.  
Sanwa Bank (Underwriters) Limited N.V. Slavenburg's Bank  
Société Générale Tokai Bank Nederland N.V. Yokohama Asia LimitedAlgemene Bank Nederland N.V. Banca Commerciale Italiana Bank Gutzwiler, Kurz, Bungener (Overseas) Limited  
Yasuda Trust and Finance (Hong Kong) Ltd.

March 10, 1982



ECU 65,000,000,000

of equipment leased by companies represented by

## LEASEEUROPE

European Federation of Equipment Leasing Company Associations  
during its first ten years 1972 - 1982

A	Verband Österreichischer Leasing-Gesellschaften
B	Association Belge des Entreprises de Leasing
CH	Verband Schweizerischer Leasing-Gesellschaften
D	Bundesverband Deutscher Leasing-Gesellschaften
DK	Dansk Leasingkomitee
E	Asociación Espanola de Leasing
F	Association Professionnelle des Etablissements Financiers
GB	Equipment Leasing Association
I	Associazione tecnica delle Società Finanziarie, di Leasing e di Factoring
IRL	Irish Finance Houses Association Leasing Committee
L	Eurolease Factor S.A.
N	De Norske Leasingsselskaper Forening
NL	Nederlandse Vereniging van Leasemaatschappijen
S	Finansbolagens Förening
SF	Suomen Rahoitusyhtiöiden Yhdistys Ry

Barclays Merchantile Industrial Finance Limited, Boumaken Leasing Limited, Forward Trust Group Limited, Hill Samuel Leasing Co. Limited, Lloyds Bank Group, Lombard North Central Plc, North West Securities Limited, Premier Computers Limited, Royal Bank Leasing Limited, Williams &amp; Glyn's Leasing Company Limited, and the Equipment Leasing Association congratulate Leaseurope on its tenth anniversary.

## WORLD STOCK MARKETS

## NEW YORK

Stock	May 3	April 30	Stock	May 3	April 30	Stock	May 3	April 30	Stock	May 3	April 30	Stock	May 3	April 30
ACF Industries	371	359	Columbia Gas	513	511	Gt. Atl. Pac. Tel.	515	516	Schlitz Brew	154	152	2.139.8	2.139.8	2.139.8
AMF	171	18	Columbia Pict.	70	70	Gt. Basin Pet.	276	276	Schlesinger	154	152	Metals and Minerals	7.0	7.0
AM (Int'l)	12	12	Combined Int'l	203	203	Gt. Can. Kodak	151	151	Co.	231	232	7.0 to 1.332.1		
Arco	534	534	Conav. Edis. Corp.	212	212	Gt. W. Fins. Corp.	104	104	Scott Paper	178	171			
AVX Corp.	150	150	Comm. Satellite	637	64	Greyhound	141	143	Seacor	241	234			
Abbott Lab.	303	303	Gulf & Western	154	154	Gruuman	257	211	Seagram	521	514			
Acme Clave	224	222	Comp. Science	181	181	Modern Merch.	171	171	Selected Inv.	521	514			
Adobe Oil & Gas	18	18	Com. Mills	301	301	Monarch Mfg.	171	171	Sears (OD)	361	356			
Advanced Micro	42	42	Conrac	247	251	Monsanto	171	171	Sears Roebuck	192	192			
Am. Biscuits	103	103	Conra. Edis. Corp.	314	314	Moore McCormick	212	212	Seico	332	328			
Ahmanns (H.F.)	35	35	Conas Foods	314	314	Morgan (JP)	561	561	Shell Oil	351	352			
Ar. Prod & Chem	95	95	Conas. Freight	176	176	Motorola	626	626	Shell Trans.	231	231			
Akzo	91	91	Con. Natl. Res.	47	47	Murphy (GO)	111	111	Siemens	231	231			
Alberta Int'l	244	244	Con. Power	176	176	Murphy Oil	21	21	Siemens Preferred	201	194			
Alcoa-Gulf	284	284	Cont. Corp.	43	43	Nabisco Brand	343	343	Siemens Inv.	49	49			
Alcan Aluminum	191	191	Conti. Group	28	28	Nalco Chem.	45	45	Signode	356	356			
Alco Standard	204	204	Cont. Illinois	284	284	Nat. Can.	187	187	Simplicity Patt.	84	85			
Alexander & Al.	314	314	Cont. Telep.	177	177	Nat. Dist. Chem.	221	221	Stoyling	151	152			
Allegany Int'l	314	314	Control Data	301	301	Nat. Gypsum	214	214	Stromski Int'l	501	501			
Allis Chalmers	141	141	Conti. Corp.	314	314	Nat. San. Pw. & Ppr.	201	201	SchmitzKline Becki	581	581			
Alpha Petrol	104	104	Conti. Corp.	27	27	Nat. San. Prod.	212	212	Sonesta Int'l	102	102			
Alcoa	24	25	Cooper Indus.	37	37	Nat. Serv. Ind.	24	24	Sony	124	124			
Alcoa Sugar	45	45	Cooper Indus.	12	12	Nat. Steel	111	111	South. Cal. Edison	182	182			
Almar	274	274	Cooperlived	24	24	Nat. Steel.	151	151	Southern Co.	125	125			
Amidhi Corp.	213	208	Corning Glass	473	48	Nat. Trans. Res.	124	124	South. Nat. Tel.	324	324			
Amersil Heas.	18	18	Cox Broadcast	204	204	NCR	50	49	Southland	324	324			
Am. Brand	221	221	Crown Cork	291	291	NY State E. & G.	151	151	SW Bancshares	248	248			
Am. Broadcast	3	3	Crown Cork	371	371	NY Times	404	404	Sperry Corp	271	271			
Am. Can.	267	272	Crown Cork	291	291	Newsweek	341	341	St. Louis	251	251			
Am. Cyanamid	127	127	Cummins Eng.	401	401	Newsweek	341	341	St. Louis	251	251			
Am. Express	488	488	Damon	73	73	Newsweek	351	351	St. Louis	251	251			
Am. Gen. Insanc.	411	411	Deere	275	275	Newsweek	351	351	St. Louis	251	251			
Am. Hosi. & DK	132	132	Deere	553	518	Newsweek	351	351	St. Louis	251	251			
Am. Hosp. Supp	44	44	Deere	351	351	Newsweek	351	351	St. Louis	251	251			
Am. Medical Int'l	23	23	Deere	293	294	Newsweek	351	351	St. Louis	251	251			
Am. Petrol. Rese.	24	24	Deere	307	292	Newsweek	351	351	St. Louis	251	251			
Am. Quasar Pet.	634	634	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Am. Standard	27	26	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Am. Stores	39	39	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Am. Tel. & Tel.	54	54	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Amtek Inc.	224	224	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Amfac	227	227	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Amstar	23	23	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Amstead Indus.	244	244	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Anchor Indus.	153	153	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Archer Daniels	191	191	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Arco	191	191	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Armstrong CK.	164	164	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Asmers Oil	204	204	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Asurco	204	204	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Asxco	204	204	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
At&T	224	224	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Avco	254	254	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Avery Ind'l	24	24	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Baileys Indus.	204	204	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Ban Cal.	234	234	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Bangor Pnta.	172	172	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Banistar	224	224	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Banstead Indus.	153	153	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Barrett Indus.	153	153	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Bartek	172	172	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Bartek Glass	14	14	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Bartek Glass	14	14	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Bartek Glass	14	14	Deere	254	254	Newsweek	351	351	St. Louis	251	251			
Bartek Glass	14	14	Deere											



## Pound nervous

Sterling was steady for most of the day, but continued nervousness over the Falklands dispute led to some late pressure. The dollar was quite firm overall, helped by the upward trend in Eurodollar and domestic U.S. interest rates.

**STERLING** — Trade-weighted index (Bank of England) 90.1, against 90.3 at noon and at the opening, 89.6 at the previous close, and 88.8 six months ago. Three-month interbank 13.2 per cent (15.8 per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month) — Sterling lost ground in late London trading, after a fairly inactive day. The pound opened at \$1.8055-1.8065, and touched a peak of \$1.8070-1.8080, before falling to a low of \$1.7930-1.7940. Demand for the D-mark appeared to depress sterling towards the close, which finished at \$1.7960-1.7970, a rise of 25 points from \$1.7945 in New York on Monday. The pound rose to DM 4.2125 from DM 4.1880 against the D-mark to FFr 10.9475 from FFr 10.92 against the French franc and SwFr 3.52 from SwFr 3.5150 in terms of the Swiss franc; and to FFr 14.5650 from Yen 1423 against the Japanese yen.

**DOLLAR** — Trade-weighted index 113.4, against 113.0 on Friday, and 110.7 six months ago. Three-month Treasury bills 12.76 per cent (12.50 per cent six months ago). Annual inflation 6.8 per cent (7.7 per cent previous month) — The dollar rose to DM 2.3235 from DM 2.3230 to FFr 12.5970 from FFr 12.5785 at the fixing, and the krona was unchanged at FFr 32.80 per 100 krona. The dollar rose to FFr 21.5070 from FFr 21.5285 at the fixing, and sterling to FFr 14.6860 from FFr 14.6550.

**JAPANESE YEN** — Trade-weighted index 138.1, against 138.5 on Friday, and 139.4 six months ago. Three-month bills 7.0873 per cent (7.4062 per cent six months ago). Annual inflation 2.8 per cent (3.1 per cent previous month) — The yen declined against the dollar in moderate Tokyo trading. The U.S. currency rose to Yen 237.55 from Yen 236.30, after opening at Yen 236.90, as the market reacted to a firmer trend in U.S. interest rates. Dollar positions may have also been increased ahead of today's national holiday in Japan.

**EMS** — European currency unit rates

ECU central rates: Sterling 45.0233, U.S. dollar 8.0275, German Mark 6.1554, French Franc 8.1554, Dutch Guilder 2.6729, Irish Punt 0.68678, Italian Lira 1305.13. Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

## THE POUND SPOT AND FORWARD

May 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.	One year	% p.a.
U.S.	1.7920-1.8080	1.7960-1.7970	0.35-0.45c/ds	-2.67	0.75-0.85ds	-1.78		
Canada	22.2025-2.2175	22.2025-2.2045	0.30-0.40c/ds	-2.34	1.00-1.10ds	-1.91		
Netherlands	4.684-7.71	4.684-4.671	11-14c pm	3.85	5-5.5pm	4.50		
Belgium	75.10-70.85	75.10-70.85	20-30c/ds	-3.73	5-6.5pm	-4.05		
Denmark	14.24-14.33	14.24-14.33	10-15c/ds	-2.73	20-24c/ds	-5.60		
Portugal	1.198-1.204	1.198-1.204	11-15c/ds	-4.77	5-6.1pm	4.39		
Spain	195.25-195.00	195.25-195.25	205-275c/ds	-4.50	410-1640ds	-32.28		
Switzerland	1.51-1.52	1.51-1.52	10-15c/ds	-4.34	185-220c/ds	-4.34		
Italy	2.322-2.3246	2.322-2.3231	25-27c/ds	-13.13	65c-100ds	-11.93		
Norway	10.78-10.84	10.78-10.79	6-9c/ds	-2.28	5-10ds	-3.59		
France	10.84-11.02	10.84-10.97	7-11c/ds	-9.87	15-20c/ds	-8.13		
Sweden	10.45-10.51	10.45-10.45	5-10c/ds	0.68	15-20c/ds	0.71		
Japan	425.4-430	426.2-427	2-25c/ds	2.24	25-30c/ds	2.45		
Austria	2.50-2.55	2.50-2.55	10-15c/ds	-6.58	1.71-1.88pm	-5.60		
UK	1.198-1.204	1.198-1.204	11-15c/ds	-4.77	5-6.1pm	4.39		
Belgian rate for convertible francs					85.05-86.05			
6-month forward dollar 1.25-1.35c/ds					12-month 2.20-2.35c/ds			

## THE DOLLAR SPOT AND FORWARD

May 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.	One year	% p.a.
UK	1.7930-1.8080	1.7960-1.7970	0.35-0.45c/ds	-2.67	0.75-0.85ds	-1.78		
Ireland	1.4774-1.4825	1.4790-1.4805	0.53-0.43c/ds	3.89	1.65-1.65ds	4.07		
Canada	1.2200-1.2275	1.2205-1.2270	0.01-0.04ds	-0.24	0.16-0.19ds	-0.57		
Netherlands	2.0330-2.0405	2.0330-2.0405	0.40-0.45c/ds	-1.63	1.65-1.70pm	-6.25		
Denmark	1.44-1.45	1.44-1.45	0.40-0.45c/ds	-1.63	1.65-1.70pm	-6.25		
Portugal	2.3550-2.3550	2.3520-2.3520	1.35-1.30c/ds	6.78	3.67-3.62pm	6.22		
Spain	80.60-71.00	79.70-71.00	100-300c/ds	-33.93	200-850ds	-24.04		
Italy	1.20-1.20	1.20-1.20	11-15c/ds	-2.42	68-88c/ds	-2.65		
Austria	1.19-1.20	1.19-1.20	11-15c/ds	-11.33	200-850ds	-10.18		
Switzerland	1.20-1.20	1.20-1.20	10-15c/ds	-4.77	200-850ds	-10.18		
Belgium	1.19-1.20	1.19-1.20	10-15c/ds	-4.77	200-850ds	-10.18		
France	5.0285-5.3220	5.0190-5.3220	1.50-1.50c/ds	2.94	3.60-3.45pm	7.00		
Japan	236.50-238.00	237.20-237.30	1.80-1.70pm	8.90	4.75-4.65pm	7.00		
Austria	16.46-16.46	16.47-16.47	11-10c/ds	7.74	27-34c/ds	6.19		
Switzerland	1.9500-1.9600	1.9570-1.9600	2.00-2.00c/ds	11.85	5.20-5.10pm	10.52		
UK	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
Belgium	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
France	5.0285-5.3220	5.0190-5.3220	1.50-1.50c/ds	2.94	3.60-3.45pm	7.00		
Japan	236.50-238.00	237.20-237.30	1.80-1.70pm	8.90	4.75-4.65pm	7.00		
Austria	16.46-16.46	16.47-16.47	11-10c/ds	7.74	27-34c/ds	6.19		
Switzerland	1.9500-1.9600	1.9570-1.9600	2.00-2.00c/ds	11.85	5.20-5.10pm	10.52		
UK	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
Belgium	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
France	5.0285-5.3220	5.0190-5.3220	1.50-1.50c/ds	2.94	3.60-3.45pm	7.00		
Japan	236.50-238.00	237.20-237.30	1.80-1.70pm	8.90	4.75-4.65pm	7.00		
Austria	16.46-16.46	16.47-16.47	11-10c/ds	7.74	27-34c/ds	6.19		
Switzerland	1.9500-1.9600	1.9570-1.9600	2.00-2.00c/ds	11.85	5.20-5.10pm	10.52		
UK	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
Belgium	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
France	5.0285-5.3220	5.0190-5.3220	1.50-1.50c/ds	2.94	3.60-3.45pm	7.00		
Japan	236.50-238.00	237.20-237.30	1.80-1.70pm	8.90	4.75-4.65pm	7.00		
Austria	16.46-16.46	16.47-16.47	11-10c/ds	7.74	27-34c/ds	6.19		
Switzerland	1.9500-1.9600	1.9570-1.9600	2.00-2.00c/ds	11.85	5.20-5.10pm	10.52		
UK	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
Belgium	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
France	5.0285-5.3220	5.0190-5.3220	1.50-1.50c/ds	2.94	3.60-3.45pm	7.00		
Japan	236.50-238.00	237.20-237.30	1.80-1.70pm	8.90	4.75-4.65pm	7.00		
Austria	16.46-16.46	16.47-16.47	11-10c/ds	7.74	27-34c/ds	6.19		
Switzerland	1.9500-1.9600	1.9570-1.9600	2.00-2.00c/ds	11.85	5.20-5.10pm	10.52		
UK	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
Belgium	1.1980-1.2040	1.1980-1.2040	10-15c/ds	-4.77	200-850ds	-10.18		
France	5.0285-5.3220	5.0190-5.3220	1.50-1.50c/ds	2.94	3.60-3.45pm	7.00		

## INSURANCES

ABCY Life Assurance Co. Ltd.	01-249-9121	Hypothec. Fd.	15.3	101.8
1-3 St. Paul's Churchyard, EC4		DBS Ministers	100.2	105.6
Property Fund	226.4	Growth, Ent. Inv. A	217.2	
Equity Fund	61.5	Pers. Mixed Inv. A	145.0	157.7
Property Ass.	245.3	Pers. Money Inv. A	105.9	116.5
Equity Ass.	60.3	Pers. Money Inv. B	105.8	111.3
Stocktech Fund	1167.9	Pers. Equity Inv. A	100.6	105.8
Money Fund	265.1	Pers. Equity Inv. B	97.6	102.7
Convertible Fund	177.0	Pers. Fd. Inv. A	106.3	111.5
Prop. Fd. Ser. 4	229.1	Pers. Fd. Inv. B	106.3	111.5
Equity Ser. 4	65.1	Pers. Money Inv. A	104.0	107.5
Prop. Ser. 4	197.8	Pers. Money Inv. B	104.0	107.5
Money Ser. 4	166.8			
Equity Ser. 4	157.9			
Prop. Ser. 4	157.9			
Money Ser. 4	157.9			

## **INSURANCE & OVERSEAS MANAGED FUNDS**

## OFFSHORE AND OVERSEAS



JULY 1988

International Finance

DAIWA  
SECURITIES

## MINES—Continued

Central African

Stock Price

High Low

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## Row on vote for AUEW chief

BY JOHN LLOYD, LABOUR EDITOR

THE NARROWLY defeated left-wing candidate for the post of general secretary of the Amalgamated Union of Engineering Workers—Britain's second biggest—is likely to challenge the conduct of the ballot.

Such a challenge would greatly increase the overt feuding between the left and right camps in the union. It could result in a re-run of the election and a substantial boost for the left, already buoyed up by the size of its vote.

In results announced yesterday, Mr Gavin Laird, the union's executive council member for Scotland, and the right-wing candidate, beat Mr Ken Brett,

an assistant secretary and a Communist, by 96,186 votes to 95,124 in a 23.7 per cent poll taken by postal ballot.

Other national posts showed a more decisive consolidation of the right-wing's hold over the AUEW leadership.

Mr Terry Duffy, union president, said that he was disappointed in the narrowness of the vote for Mr Laird, but that the results in general were "a vote of confidence in the executive council and the general secretary."

He said that the results in a number of district elections, also announced yesterday, showed a "clean sweep" for the right.

Mr Laird said he was pleased

with the result but he "would have liked a much larger percentage of members to participate."

In other results Mr Ken Cure beat off a challenge from Mr Stan Cole to retain the West Midlands seat by 22,035 votes to 15,322 and Mr John Weakley retained his seat for Wales and the South West by 15,991 votes to Mr Robert Street's 10,888.

Mr Bill Timms, a national organiser, retained his post by 110,472 votes to Mr Harry Cutts' 79,609. In each case, the election was a second ballot following a first ballot which gave no clear majority to any one candidate.

## Hungary to get \$200m central banks loan

By Alan Friedman and David Buchan

THE Bank of England is helping to put together a short-term \$200m (£11m) loan package for Hungary, with at least six other Western European central banks.

The loan, which has been rumoured in the Euromarket for several weeks, would constitute a form of bridging finance for Hungary, which hopes to draw on the International Monetary Fund once it becomes a member.

The Bank yesterday declined to comment on any negotiations concerning Hungary, but a Press statement said that Dr Matyas Timar, president of the National Bank of Hungary, is visiting London for a few days at the invitation of Mr Gordon Richardson, Governor of the Bank of England.

Dr Timar's meetings in London are seen as a return visit. Mr Richardson visited Hungary in 1980 at the invitation of the Hungarian bank.

The IMF is expected to approve Hungarian membership within the next month, but several months may elapse before funds could be drawn. The central bank package would help Hungary over its present liquidity problems.

The willingness of western central banks and governments to offer new credit to Hungary rewards its innovative policy, which has given that country the most market-oriented economy in eastern Europe. It contrasts with the less healthy Comecon economies, such as those of Poland and Romania, and especially with efforts there to reschedule debt to the west.

The western bankers have the near-certainty that Hungary will soon be a member of the IMF.

Half Hungary's trade is with Western countries and has been hit by recession in the west. Its hard currency exports declined in value by 6 per cent and its imports by 2.7 per cent last year. That led to a \$791m trade deficit with the west (\$678m in 1980).

So Hungary has had slightly more difficulty in servicing its debt to the West, which rose to a net \$72m last year from \$6.6bn in 1980, according to estimates by Wharton Econometric Forecasting Associates. In the wake of the Polish financial crisis, Hungary has also found it harder to get short-term credit from hard-currency sources.

Continued from Page 1

## Bankers

there have been no major disasters, international lending risks have been sharpened by poor information about the borrower and the ad hoc fashion in which reschedulings are currently handled. Any worsening of these risks could impair international lending and the liquidity of world banking markets.

In recommending an "international banking consultative group" the report says it could:

• Give bankers a form to discuss issues of mutual concern;

• Liasse with official agencies;

• Act as a channel of communication on such problems as rescheduling.

The group would not have legal powers to enforce decisions but it could bring bankers together quickly in a crisis and would have the expertise to help both borrower and lender in rescheduling.

The report reflects the mounting concern of the banking community about the challenges posed by the mounting number of debt reschedulings, particularly by national borrowers.

"Private discussions indicate that a wide measure of support exists, both inside the banking industry and among interested outside parties" for the kind of group it is recommending, it says.

## Bundesbank expected to abolish 'special' Lombard rate

BY STEWART FLEMING IN FRANKFURT

THE BUNDES BANK, the West German central bank, is expected to announce further relaxation of its monetary policy tomorrow, including the abolition of the "special" Lombard rate introduced in February last year in a sudden move to defend the D-mark on the foreign exchanges.

The Lombard is the rate at which the Bundesbank lends short-term money to the banking system.

Further reductions in official German interest rates are called for because of the continuing improvement in West Germany's trade and inflation figures.

They are also considered important as a gesture ahead of the world economic summit in June and as a demonstration to the central bank's domestic critics that it is endeavouring to breathe life into a stagnating economy.

Domestic criticism of the Bundesbank has been muted in recent weeks but the publication yesterday of yet another discouraging set of unemployment statistics provided its critics with evidence to support their demands for a renewed

attack on stagnation.

Although the absolute level

of unemployment fell in April

to 1.7m (7.2 per cent) from

1.8m (7.6 per cent) in March,

the decline was less than ex-

pected for the time of year.

The Federal Labour Office

said that seasonally adjusted,

the number of unemployed con-

tinued to rise, reinforcing pre-

dictions that for the year

unemployment could average

between 1.8m and 2m.

Speculation about the Bundes-

bank decision centres on a cut

of half a percentage point to 9

per cent in the Lombard rate

and measures to inject more

permanent liquidity into the

banking system in a month

which would otherwise stretch

the money markets' resources.

A cut in the special Lombard

rate would have considerable

symbolic significance.

It would bring the Lombard

rate back to the 9 per cent level

at which it stood in February

1981 when the bank moved to

defend the currency by introducing

a "special" rate of 12 per

cent.

It is expected that in moving

back to the 9 per cent mark,

the Bundesbank will also make

it clear that the "special"

Lombard, with all its overtones

of crisis and restraint, will be

officially and formally aban-

doned.

Such a step—it would be the

fifth cut in the "special"

Lombard since it was reduced

from 12 per cent to 11 per cent

last October—might be expected

to benefit the domestic business

climate.

A new round of commercial

bank interest rate reductions

was already starting yesterday

in anticipation of the central

bank's plans.

It would also have some

positive implications for the

forthcoming world economic

summit.

Bonn is concerned that in view

of the enormous improvement

in Germany's international

trade (a trade surplus of around

DM 50bn (£11.8bn) could be

recorded this year), its low

inflation rate and strengthening

currency, there could be

pressure to stimulate the

economy.

Its Western partners might

argue that stimulation would

help to offset the weakness of

other economies, and increase

Germany's propensity to import.

It is expected that the "special" Lombard, with all its overtones

of crisis and restraint, will be officially and formally abandoned.

Such a step—it would be the fifth cut in the "special"

Lombard since it was reduced

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